

TOWNSHIP OF VERNON

COUNTY OF SUSSEX

REPORT OF AUDIT

2019

*NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
REPORT OF AUDIT
2019

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TOWNSHIP OF VERNON

PART I

FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2019

Independent Auditors' Report

The Honorable Mayor and Members
of the Township Council
Township of Vernon
Vernon, New Jersey

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* - of the various funds of the Township of Vernon, in the County of Sussex (the "Township") as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor and Members
of the Township Council
Township of Vernon
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund and account group of the Township as of December 31, 2019 and 2018, or the changes in financial position where applicable, thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Township as of December 31, 2019 and 2018, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Honorable Mayor and Members
of the Township Council
Township of Vernon
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2020 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
July 2, 2020

NISIVOCCIA LLP

Francis Jones
Registered Municipal Accountant No. 442
Certified Public Accountant

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2019
CURRENT FUND

TOWNSHIP OF VERNON
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | | December 31, | |
|---|-------------|-------------------------|-------------------------|
| | <u>Ref.</u> | <u>2019</u> | <u>2018</u> |
| <u>ASSETS</u> | | | |
| Regular Fund: | | | |
| Cash - Treasurer | A-4 | \$ 7,425,925.50 | \$ 4,562,529.58 |
| Change Funds | | 770.00 | 770.00 |
| Due from State of New Jersey: | | | |
| Senior Citizen and Veteran Deductions | | 54,319.55 | 54,374.34 |
| | | <u>7,481,015.05</u> | <u>4,617,673.92</u> |
| Receivables and Other Assets With | | | |
| Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-7 | 2,185,867.96 | 2,033,732.85 |
| Tax Title Liens Receivable | A-8 | 4,575,010.21 | 3,855,021.54 |
| Property Acquired for Taxes at Assessed | | | |
| Valuation | | 12,147,485.00 | 12,147,485.00 |
| Due from Vernon Township MUA | | 263,912.28 | 465,277.58 |
| Due from Mountain Creek | | | 211,812.00 |
| Due from: | | | |
| Federal and State Grant Fund | A | | 3,252.57 |
| Pleasant Valley Lake Dam Trust Fund | B | | 0.10 |
| Total Receivables and Other Assets | | | |
| With Full Reserves | | <u>19,172,275.45</u> | <u>18,716,581.64</u> |
| Deferred Charges: | | | |
| Special Emergency Authorizations | | 600,000.00 | 840,000.00 |
| | | <u>600,000.00</u> | <u>840,000.00</u> |
| Total Regular Fund | | <u>27,253,290.50</u> | <u>24,174,255.56</u> |
| Federal and State Grant Fund: | | | |
| Federal and State Grants Receivable | A-10 | 550,879.02 | 540,181.01 |
| Due from Current Fund | A | 46,136.61 | |
| | | <u>597,015.63</u> | <u>540,181.01</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 27,850,306.13</u> | <u>\$ 24,714,436.57</u> |

TOWNSHIP OF VERNON
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

| | | December 31, | |
|---|----------|------------------|------------------|
| | Ref. | 2019 | 2018 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Regular Fund: | | | |
| Appropriation Reserves: | | | |
| Unencumbered | A-3;A-11 | \$ 1,551,764.72 | \$ 899,616.87 |
| Encumbered | A-3;A-11 | 426,741.89 | 413,438.24 |
| Total Appropriation Reserves | | 1,978,506.61 | 1,313,055.11 |
| Accounts Payable - Vendors | | 2,340.00 | |
| Other Encumbrances Payable | | 4,361.48 | 33,135.48 |
| Special Emergency Notes | | 600,000.00 | 40,000.00 |
| Prepaid Taxes | | 470,734.07 | 433,446.41 |
| Tax Overpayments | | 241,378.67 | 195,783.23 |
| Due County for Added and Omitted Taxes | | 9,267.20 | 9,531.75 |
| Due to: | | | |
| Federal and State Grant Fund | A | 46,136.61 | |
| State of New Jersey: | | | |
| Marriage License Fees | | 625.00 | 600.00 |
| Reserve for: | | | |
| Tax Appeals | | 333,000.00 | 333,000.00 |
| Codification of Ordinances | | 8,617.63 | 8,617.63 |
| Master Plan | | 3,422.64 | 3,422.64 |
| Sale of Municipal Assets | | 63,160.10 | 63,160.10 |
| Revaluation | | 572,157.86 | 994,383.86 |
| Tax Maps | | 8,469.00 | 12,969.00 |
| | | 4,342,176.87 | 3,441,105.21 |
| Reserve for Receivables and Other Assets | A | 19,172,275.45 | 18,716,581.64 |
| Fund Balance | A-1 | 3,738,838.18 | 2,016,568.71 |
| Total Regular Fund | | 27,253,290.50 | 24,174,255.56 |
| Federal and State Grant Fund: | | | |
| Appropriated Reserves | A-13 | 591,515.63 | 536,928.44 |
| Unappropriated Reserves | A-14 | 5,500.00 | |
| Due to Current Fund | A | | 3,252.57 |
| Total Federal and State Grant Fund | | 597,015.63 | 540,181.01 |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | \$ 27,850,306.13 | \$ 24,714,436.57 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF VERNONCURRENT FUNDCOMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

| | | Year Ended December 31, | |
|---|-------------|-------------------------|----------------------|
| | <u>Ref.</u> | 2019 | 2018 |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 614,850.00 | \$ 600,000.00 |
| Miscellaneous Revenue Anticipated | | 6,612,583.37 | 5,959,665.94 |
| Receipts from: | | | |
| Delinquent Taxes | | 2,062,714.38 | 1,658,492.97 |
| Current Taxes | | 69,912,103.02 | 66,929,247.37 |
| Nonbudget Revenue | | 576,148.97 | 763,807.01 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 631,763.20 | 502,506.91 |
| Cancellation of Tax Overpayments | | 38,815.28 | |
| Prior Year Senior Citizens' Deductions Allowed | | 500.00 | |
| Interfunds and Other Receivables Returned | | 416,429.97 | |
| Total Income | | <u>80,865,908.19</u> | <u>76,413,720.20</u> |
| <u>Expenditures</u> | | | |
| Budget Appropriations | | 23,361,030.82 | 22,551,428.65 |
| County Taxes | | 14,196,158.12 | 14,007,705.56 |
| Local School District Taxes | | 40,961,144.00 | 39,075,871.00 |
| Refund of Prior Year Taxes | | 10,455.78 | 1,974.00 |
| Prior Year Senior Citizens' Deductions Disallowed | | | 250.00 |
| Interfunds and Other Receivables Advanced | | | 3,252.67 |
| Total Expenditures | | <u>78,528,788.72</u> | <u>75,640,481.88</u> |
| Excess in Revenue | | 2,337,119.47 | 773,238.32 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | | <u>2,016,568.71</u> | <u>1,843,330.39</u> |
| | | 4,353,688.18 | 2,616,568.71 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | | <u>614,850.00</u> | <u>600,000.00</u> |
| Balance December 31 | A | \$ 3,738,838.18 | \$ 2,016,568.71 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF VERNON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

| | Budget | Added by NJSA 40A:4-87 | Realized | Excess or Deficit * |
|---|---------------|---------------------------|---------------|------------------------|
| Fund Balance Anticipated | \$ 614,850.00 | | \$ 614,850.00 | |
| Miscellaneous Revenue: | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | 10,700.00 | | 10,718.07 | \$ 18.07 |
| Fees and Permits | 205,020.00 | | 206,735.27 | 1,715.27 |
| Fines and Costs: | | | | |
| Municipal Court | 122,000.00 | | 117,134.38 | 4,865.62 * |
| Interest and Costs on Taxes | 300,000.00 | | 383,378.02 | 83,378.02 |
| Interest on Investments and Deposits | 100,000.00 | | 138,705.71 | 38,705.71 |
| Recycling Receipts | 60,000.00 | | 53,784.69 | 6,215.31 * |
| Energy Receipts Tax | 1,862,248.00 | | 1,862,248.00 | |
| Watershed Moratorium Aid | 294,455.00 | | 294,455.00 | |
| Garden State Trust Payment in Lieu of Taxes | 105,963.00 | | 105,963.00 | |
| Uniform Construction Code Fees | 415,000.00 | | 408,501.00 | 6,499.00 * |
| Interlocal Service Agreement - 911 Communications: | | | | |
| Township of Wantage | 55,000.00 | | 55,000.00 | |
| Borough of Sussex | 15,000.00 | | 15,000.00 | |
| Interlocal Service Agreement - Animal Control Services: | | | | |
| Borough of Sussex | 10,600.00 | | 10,600.00 | |
| Interlocal Service Agreement - Financial Services: | | | | |
| Vernon Township MUA | 57,500.00 | | 57,500.00 | |
| Interlocal Service Agreement - Administrative: | | | | |
| Vernon Township MUA | 51,500.00 | | 51,500.00 | |
| Interlocal Service Agreement- Dept of Public Works: | | | | |
| Vernon Township MUA | 188,000.00 | | 204,727.72 | 16,727.72 |
| Interlocal Service Agreement- Senior Citizens: | | | | |
| County of Sussex | 27,700.00 | | 34,624.94 | 6,924.94 |
| Clean Communities Program | | \$ 58,176.17 | 58,176.17 | |
| Municipal Alliance on Alcoholism and Drug Abuse: | | | | |
| 2019 | 20,467.00 | | 20,467.00 | |
| Safe and Secure Communities Program | | | | |
| (P.L.1994, Chapter 220): | | | | |
| 2019 | 60,000.00 | | 60,000.00 | |
| Body Armor Fund: | | | | |
| State | 3,412.00 | | 3,412.00 | |
| Federal | 2,120.00 | | 2,120.00 | |
| Traffic Barricades Grant | 6,682.00 | | 6,682.00 | |
| NJ Division of Highway Traffic Safety: | | | | |
| Distracted Driver - 2019 | 5,500.00 | | 5,500.00 | |
| Drunk Driving Enforcement Fund | 10,612.00 | | 10,612.00 | |

TOWNSHIP OF VERNON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

| | <u>Budget</u> | <u>Added by NJSA 40A:4-87</u> | <u>Realized</u> | <u>Excess or Deficit *</u> |
|--|-------------------------|-----------------------------------|-------------------------|--------------------------------|
| Miscellaneous Revenue (Cont'd): | | | | |
| Uniform Fire Safety Act | \$ 25,000.00 | | \$ 30,199.67 | \$ 5,199.67 |
| Reserve for Recreation Trust Fund | 83,000.00 | | 83,000.00 | |
| Lot Development Plan | 4,000.00 | | 2,850.00 | 1,150.00 * |
| Hotel Occupancy Fee (P.L.2003, c.114) | 275,000.00 | | 292,593.15 | 17,593.15 |
| SCMUA Bills to be Repaid by VTMUA | 1,613,698.00 | | 1,613,698.00 | |
| VTMUA - Principal and Interest Payment | 346,088.00 | | 345,499.58 | 588.42 * |
| Reserve for Sale of Municipal Assets | 18,580.00 | | 67,198.00 | 48,618.00 |
| Total Miscellaneous Revenue | <u>6,354,845.00</u> | <u>\$ 58,176.17</u> | <u>6,612,583.37</u> | <u>199,562.20</u> |
| Receipts from Delinquent Taxes | <u>1,658,000.00</u> | | <u>2,062,714.38</u> | <u>404,714.38</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | | |
| Local Tax for Municipal Purposes | <u>17,750,655.59</u> | | <u>17,829,952.90</u> | <u>79,297.31</u> |
| Budget Totals | <u>26,378,350.59</u> | <u>58,176.17</u> | <u>27,120,100.65</u> | <u>\$ 683,573.89</u> |
| Nonbudget Revenue | | | <u>576,148.97</u> | |
| | <u>\$ 26,378,350.59</u> | <u>\$ 58,176.17</u> | <u>\$ 27,696,249.62</u> | |

TOWNSHIP OF VERNON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Allocation of Current Tax Collections

| | | |
|--|----------------------|--------------------------------|
| Collections | | \$ 69,912,103.02 |
| Allocated to: | | |
| County Taxes | \$ 14,186,890.92 | |
| Due to County for Added and Omitted Taxes | 9,267.20 | |
| School Taxes | <u>40,961,144.00</u> | |
| | | <u>55,157,302.12</u> |
| | | 14,754,800.90 |
| Add: Appropriation "Reserve for Uncollected Taxes" | | <u>3,075,152.00</u> |
| Realized for Support of Municipal Budget | | <u><u>\$ 17,829,952.90</u></u> |
| <u>Receipts from Delinquent Taxes:</u> | | |
| Delinquent Tax Collections | | \$ 1,975,683.31 |
| Tax Title Liens Redeemed | | <u>87,031.07</u> |
| | | <u><u>\$ 2,062,714.38</u></u> |

Analysis of Nonbudget Revenue:

Treasurer:

| | | |
|--|-------------------|---------------|
| Auction or Sale of Township Property | \$ 500.00 | |
| National Wildlife in Lieu of Tax | 12,019.00 | |
| Cable TV Franchise Fee | 74,853.00 | |
| Administrative Fee - Senior Citizens and Veterans Deductions | 3,121.10 | |
| Other Miscellaneous Receipts | 9,494.81 | |
| NJ DMV Inspection Fines | 1,257.00 | |
| Refund of Prior Year Expenses | 7,853.02 | |
| CAP Refund, Sussex Rural Cooperative | 364.48 | |
| Geographic Information Systems | 7,125.00 | |
| Homestead Rebate Administrative Fees | 2,101.80 | |
| Sewer Debt Service Reimbursements from Mountain Creek | 207,437.50 | |
| Highlands Municipal Exemption | 750.45 | |
| Interest on Road Assessment Receivables | 499.60 | |
| Interest on Lake Community Property Owners Dam Trust Receivables | 2,791.47 | |
| Vacant Property Fees | <u>224,758.72</u> | |
| | | \$ 554,926.95 |

Collector:

| | | |
|---------------------|--|-----------------------------|
| Other Miscellaneous | | <u>21,222.02</u> |
| | | <u><u>\$ 576,148.97</u></u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF VERNON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended</u> |
|---|-----------------------|--------------------------------------|----------------------------|-----------------|------------------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Balance Cancelled</u> |
| Operations Within "CAPS": | | | | | |
| GENERAL GOVERNMENT: | | | | | |
| General Administration: | | | | | |
| Salaries and Wages | \$ 145,000.00 | \$ 145,000.00 | \$ 143,256.49 | \$ 1,743.51 | |
| Other Expenses | 101,450.00 | 101,450.00 | 81,547.83 | 19,902.17 | |
| Mayor and Council: | | | | | |
| Salaries and Wages | 45,000.00 | 45,000.00 | 44,932.70 | 67.30 | |
| Other Expenses | 6,450.00 | 6,450.00 | 2,517.00 | 3,933.00 | |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 152,000.00 | 152,000.00 | 148,218.32 | 3,781.68 | |
| Other Expenses | 61,500.00 | 61,500.00 | 35,018.90 | 26,481.10 | |
| Financial Administration: | | | | | |
| Salaries and Wages | 141,000.00 | 141,000.00 | 140,069.24 | 930.76 | |
| Other Expenses | 19,100.00 | 19,100.00 | 11,894.54 | 7,205.46 | |
| Annual Audit | 43,085.00 | 43,085.00 | 6,000.00 | 37,085.00 | |
| Technology: | | | | | |
| Other Expenses | 32,000.00 | 32,000.00 | 23,011.09 | 8,988.91 | |
| Revenue Administration (Collection of Taxes): | | | | | |
| Salaries and Wages | 112,000.00 | 112,000.00 | 107,854.51 | 4,145.49 | |
| Other Expenses | 23,700.00 | 23,700.00 | 17,341.72 | 6,358.28 | |
| Tax Assessment Administration: | | | | | |
| Salaries and Wages | 198,000.00 | 198,000.00 | 194,801.43 | 3,198.57 | |
| Other Expenses | 60,420.00 | 60,420.00 | 14,996.99 | 45,423.01 | |
| Legal Services: | | | | | |
| Other Expenses | 442,510.00 | 375,510.00 | 260,798.14 | 114,711.86 | |
| Engineering Services: | | | | | |
| Other Expenses | 25,000.00 | 35,000.00 | 20,511.15 | 14,488.85 | |

TOWNSHIP OF VERNON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

| | Appropriations | | Expended By | | Unexpended |
|---|----------------|------------------------------|--------------------|-------------|----------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Balance Cancelled |
| Operations Within "CAPS" (Continued): | | | | | |
| GENERAL GOVERNMENT (Continued): | | | | | |
| Economic Development: | | | | | |
| Other Expenses | \$ 1,500.00 | \$ 1,500.00 | \$ 52.20 | \$ 1,447.80 | |
| Beautification Committee: | | | | | |
| Other Expenses | 3,500.00 | 3,500.00 | 1,522.49 | 1,977.51 | |
| Arts Committee: | | | | | |
| Other Expenses | 1,500.00 | 1,500.00 | | 1,500.00 | |
| GAAC Committee: | | | | | |
| Other Expenses | 500.00 | 500.00 | 499.30 | 0.70 | |
| Historical Preservation Commission: | | | | | |
| Other Expenses | 2,500.00 | 2,500.00 | 37.50 | 2,462.50 | |
| MUNICIPAL LAND USE LAW (N.J.S.A.40:55D-11): | | | | | |
| Land Use Board: | | | | | |
| Salaries and Wages | 149,000.00 | 149,000.00 | 146,109.34 | 2,890.66 | |
| Other Expenses | 80,000.00 | 80,000.00 | 24,289.09 | 55,710.91 | |
| INSURANCE: | | | | | |
| Liability Insurance | 552,640.00 | 552,640.00 | 535,899.55 | 16,740.45 | |
| Workers Compensation | 395,000.00 | 395,000.00 | 378,690.61 | 16,309.39 | |
| Employee Group Insurance (Health) | 2,828,000.00 | 2,828,000.00 | 2,506,404.03 | 321,595.97 | |
| Health Benefit Waiver | 40,000.00 | 40,000.00 | 36,809.71 | 3,190.29 | |
| Unemployment Insurance | 10,000.00 | 10,000.00 | | 10,000.00 | |
| PUBLIC SAFETY FUNCTIONS: | | | | | |
| Police Department: | | | | | |
| Salaries and Wages | 3,900,090.00 | 3,900,090.00 | 3,712,083.50 | 188,006.50 | |
| Other Expenses | 141,470.00 | 141,470.00 | 111,995.93 | 29,474.07 | |

TOWNSHIP OF VERNON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended</u> |
|--|-----------------------|--------------------------------------|----------------------------|-----------------|------------------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Balance Cancelled</u> |
| Operations Within "CAPS" (Continued): | | | | | |
| PUBLIC SAFETY FUNCTIONS (Continued): | | | | | |
| Township Radio & Communications: | | | | | |
| Salaries and Wages | \$ 403,216.00 | \$ 403,216.00 | \$ 396,586.35 | \$ 6,629.65 | |
| Other Expenses | 8,700.00 | 8,700.00 | 6,042.41 | 2,657.59 | |
| Volunteer Emergency Services: | | | | | |
| Other Expenses | 309,000.00 | 309,000.00 | 275,498.68 | 33,501.32 | |
| Uniform Fire Safety: | | | | | |
| Salaries and Wages | 140,000.00 | 140,000.00 | 137,321.15 | 2,678.85 | |
| Other Expenses | 13,800.00 | 13,800.00 | 13,096.70 | 703.30 | |
| Municipal Prosecutor: | | | | | |
| Other Expenses | 27,000.00 | 27,000.00 | 27,000.00 | | |
| PUBLIC WORKS FUNCTIONS: | | | | | |
| Streets and Roads Maintenance: | | | | | |
| Salaries and Wages | 1,070,252.00 | 1,075,252.00 | 1,064,582.84 | 10,669.16 | |
| Other Expenses | 612,950.00 | 672,950.00 | 656,775.03 | 16,174.97 | |
| Recycling: | | | | | |
| Salaries and Wages | 24,000.00 | 24,000.00 | 20,566.75 | 3,433.25 | |
| Other Expenses | 9,500.00 | 14,500.00 | 10,507.75 | 3,992.25 | |
| Buildings and Grounds: | | | | | |
| Salaries and Wages | 47,940.00 | 47,940.00 | 47,517.28 | 422.72 | |
| Other Expenses | 97,300.00 | 97,300.00 | 95,713.64 | 1,586.36 | |
| Fleet Management: | | | | | |
| Salaries and Wages | 233,580.00 | 234,780.00 | 233,291.01 | 1,488.99 | |
| Other Expenses | 285,300.00 | 264,100.00 | 212,756.91 | 51,343.09 | |
| Municipal Services Act (Ch. 6, P.L. 1993): | | | | | |
| Other Expenses | 400,000.00 | 400,000.00 | 119,354.30 | 280,645.70 | |

TOWNSHIP OF VERNON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

| | Appropriations | | Expended By | | Unexpended |
|---|----------------|------------------------------|--------------------|-----------|----------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Balance Cancelled |
| Operations Within "CAPS" (Continued): | | | | | |
| PUBLIC WORKS FUNCTIONS (Continued): | | | | | |
| Environmental Commission (N.J.S.A.40:56A-1 etc.): | | | | | |
| Other Expenses | \$ 1,000.00 | \$ 1,000.00 | \$ 389.90 | \$ 610.10 | |
| Animal Control: | | | | | |
| Salaries and Wages | 66,363.00 | 70,363.00 | 70,074.47 | 288.53 | |
| Other Expenses | 15,100.00 | 15,100.00 | 13,217.84 | 1,882.16 | |
| PARKS AND RECREATION FUNCTIONS: | | | | | |
| Recreation Services and Programs: | | | | | |
| Salaries and Wages | 39,400.00 | 39,400.00 | 33,333.35 | 6,066.65 | |
| Other Expenses | 68,400.00 | 68,400.00 | 65,471.10 | 2,928.90 | |
| Senior Citizens: | | | | | |
| Salaries and Wages | 22,900.00 | 22,900.00 | 22,255.44 | 644.56 | |
| Other Expenses | 62,100.00 | 62,100.00 | 61,014.02 | 1,085.98 | |
| Maintenance of Parks: | | | | | |
| Salaries and Wages | 146,640.00 | 146,640.00 | 120,430.68 | 26,209.32 | |
| Other Expenses | 60,000.00 | 60,000.00 | 56,379.57 | 3,620.43 | |
| OTHER COMMON OPERATING FUNCTIONS: | | | | | |
| Municipal Court: | | | | | |
| Salaries and Wages | 170,250.00 | 170,250.00 | 166,502.87 | 3,747.13 | |
| Other Expenses | 8,850.00 | 8,850.00 | 5,137.00 | 3,713.00 | |
| UNIFORM CONSTRUCTION CODE: | | | | | |
| Construction Code Official: | | | | | |
| Salaries and Wages | 390,000.00 | 390,000.00 | 376,593.28 | 13,406.72 | |
| Other Expenses | 16,700.00 | 16,700.00 | 14,423.53 | 2,276.47 | |

TOWNSHIP OF VERNON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

| | Appropriations | | Expended By | | Unexpended |
|--|----------------|------------------------------|--------------------|--------------|----------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Balance Cancelled |
| Operations Within "CAPS" (Continued): | | | | | |
| UTILITY EXPENSES AND BULK PURCHASES: | | | | | |
| Utilities | \$ 492,345.00 | \$ 492,345.00 | \$ 439,863.07 | \$ 52,481.93 | |
| Total Operations Within "CAPS" | 14,956,501.00 | 14,953,501.00 | 13,468,860.22 | 1,484,640.78 | |
| Detail: | | | | | |
| Salaries and Wages | 7,596,631.00 | 7,606,831.00 | 7,326,381.00 | 280,450.00 | |
| Other Expenses | 7,359,870.00 | 7,346,670.00 | 6,142,479.22 | 1,204,190.78 | |
| STATUTORY EXPENDITURES: | | | | | |
| Contributions to: | | | | | |
| Public Employees' Retirement System | 485,000.00 | 488,000.00 | 484,399.69 | 3,600.31 | |
| Social Security System (O.A.S.I.) | 600,000.00 | 600,000.00 | 583,686.37 | 16,313.63 | |
| Police and Firemen's Retirement System of NJ | 880,000.00 | 880,000.00 | 874,372.00 | 5,628.00 | |
| Defined Contribution Retirement Program | 8,000.00 | 8,000.00 | 6,184.42 | 1,815.58 | |
| Total Deferred Charges and Statutory | | | | | |
| Expenditures - Municipal Within "CAPS" | 1,973,000.00 | 1,976,000.00 | 1,948,642.48 | 27,357.52 | |
| Total General Appropriations for Municipal | | | | | |
| Purposes Within "CAPS" | 16,929,501.00 | 16,929,501.00 | 15,417,502.70 | 1,511,998.30 | |
| Operations Excluded from "CAPS": | | | | | |
| Sussex County Municipal Utility Authority: | | | | | |
| Capital Improvement/Service Agreement | 1,613,698.00 | 1,613,698.00 | 1,613,698.00 | | |
| Interlocal Municipal Service Agreements: | | | | | |
| 911 Communication Service: | | | | | |
| Salaries and Wages | 70,000.00 | 70,000.00 | 70,000.00 | | |

TOWNSHIP OF VERNON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended</u> |
|--|-----------------------|--------------------------------------|----------------------------|-----------------|------------------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Balance Cancelled</u> |
| Operations Excluded from "CAPS" (Continued): | | | | | |
| Interlocal Municipal Service Agreements (Continued): | | | | | |
| Animal Control Services: | | | | | |
| Salaries and Wages | \$ 10,600.00 | \$ 10,600.00 | \$ 10,600.00 | | |
| Financial Services: | | | | | |
| Salaries and Wages | 57,500.00 | 57,500.00 | 56,875.00 | \$ 625.00 | |
| Administrative Services: | | | | | |
| Salaries and Wages | 51,500.00 | 51,500.00 | 51,500.00 | | |
| Dept. of Public Works: | | | | | |
| Salaries and Wages | 188,000.00 | 188,000.00 | 148,858.58 | 39,141.42 | |
| Senior Citizens: | | | | | |
| Salaries and Wages | 27,700.00 | 27,700.00 | 27,700.00 | | |
| Public and Private Program Offset by Revenue: | | | | | |
| 2019 | 20,467.00 | 20,467.00 | 20,467.00 | | |
| Drunk Driving Enforcement Grant | 10,612.00 | 10,612.00 | 10,612.00 | | |
| Safe and Secure Communities Grant | | | | | |
| Salaries and Wages: | | | | | |
| 2019 | 60,000.00 | 60,000.00 | 60,000.00 | | |
| Clean Communities Program: | | | | | |
| (N.J.S.A.40A:4-87 + \$58,176.17) | | 58,176.17 | 58,176.17 | | |
| Body Armor Grant: | | | | | |
| State Share 2019 | 2,120.00 | 2,120.00 | 2,120.00 | | |
| Federal Share 2019 | 3,412.00 | 3,412.00 | 3,412.00 | | |
| Traffic Barricades Grant | 6,682.00 | 6,682.00 | 6,682.00 | | |
| NJ Division of Highway Traffic Safety: | | | | | |
| Distracted Driver - 2019 | 5,500.00 | 5,500.00 | 5,500.00 | | |
| Total Operations Excluded from "CAPS" | 2,127,791.00 | 2,185,967.17 | 2,146,200.75 | 39,766.42 | |

TOWNSHIP OF VERNON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

| | Appropriations | | Expended By | | Unexpended |
|--|----------------|------------------------------|--------------------|--------------|----------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | Balance Cancelled |
| Detail: | | | | | |
| Salaries and Wages | \$ 465,300.00 | \$ 465,300.00 | \$ 425,533.58 | \$ 39,766.42 | |
| Other Expenses | 1,662,491.00 | 1,720,667.17 | 1,720,667.17 | | |
| Capital Improvements - Excluded from "CAPS": | | | | | |
| Capital Improvement Fund | 440,000.00 | 440,000.00 | 440,000.00 | | |
| Total Capital Improvements Excluded from "CAPS" | 440,000.00 | 440,000.00 | 440,000.00 | | |
| Municipal Debt Service Excluded from "CAPS": | | | | | |
| Payment of Bond Principal | 1,806,850.00 | 1,806,850.00 | 1,806,850.00 | | |
| Payment of Bond Anticipation Notes and Capital Notes | 803,388.00 | 803,388.00 | 803,388.00 | | |
| Interest on Bonds | 515,131.50 | 515,131.50 | 515,131.26 | | \$ 0.24 |
| Interest on Notes | 439,337.09 | 439,337.09 | 438,993.39 | | 343.70 |
| Interest on Emergency Notes | 1,200.00 | 1,200.00 | 1,200.00 | | |
| Total Municipal Debt Service Excluded from "CAPS" | 3,565,906.59 | 3,565,906.59 | 3,565,562.65 | | 343.94 |
| Deferred Charges: | | | | | |
| Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55): | | | | | |
| Tax maps | 240,000.00 | 240,000.00 | 240,000.00 | | |
| Total Deferred Charges - Municipal - Excluded from "CAPS" | 240,000.00 | 240,000.00 | 240,000.00 | | |
| Total General Appropriations Excluded from "CAPS" | 6,373,697.59 | 6,431,873.76 | 6,391,763.40 | 39,766.42 | 343.94 |

TOWNSHIP OF VERNON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended</u> |
|---------------------------------|-------------------------|--------------------------------------|----------------------------|------------------------|------------------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Balance Cancelled</u> |
| Subtotal General Appropriations | \$ 23,303,198.59 | \$ 23,361,374.76 | \$ 21,809,266.10 | \$ 1,551,764.72 | \$ 343.94 |
| Reserve for Uncollected Taxes | <u>3,075,152.00</u> | <u>3,075,152.00</u> | <u>3,075,152.00</u> | | |
| Total General Appropriations | <u>\$ 26,378,350.59</u> | <u>\$ 26,436,526.76</u> | <u>\$ 24,884,418.10</u> | <u>\$ 1,551,764.72</u> | <u>\$ 343.94</u> |

Ref.

A

TOWNSHIP OF VERNON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019
(Continued)

| | <u>Ref.</u> | Analysis of | |
|--|-------------|--------------------------------------|----------------------------|
| | | <u>Budget After Modification</u> | <u>Paid or Charged</u> |
| Adopted Budget | | \$ 26,378,350.59 | |
| Added by: | | | |
| N.J.S.A. 40A:4-87 | | <u>58,176.17</u> | |
| | | <u>\$ 26,436,526.76</u> | |
| Cash Disbursed | | | \$ 21,743,014.15 |
| Reserve for Uncollected Taxes | | | 3,075,152.00 |
| Encumbrances | A | | 426,741.89 |
| Deferred Charges: | | | |
| Special Emergency Authorizations | | | 240,000.00 |
| Transfer to Appropriated Grant Reserves: | | | |
| Federal, State and Local Grants | | | <u>166,969.17</u> |
| | | | 25,651,877.21 |
| Less: Appropriation Refunds | | | <u>767,459.11</u> |
| | | | <u>\$ 24,884,418.10</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2019
TRUST FUNDS

TOWNSHIP OF VERNON
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | | December 31, | |
|---|------|------------------------|------------------------|
| | Ref. | 2019 | 2018 |
| <u>ASSETS</u> | | | |
| Assessment Trust Fund: | | | |
| Cash and Cash Equivalents | B-4 | \$ 99,592.81 | \$ 125,059.02 |
| Assessment Receivable | B-7 | 11,710.37 | 19,394.16 |
| Assessment Liens | B-9 | 352.40 | 352.40 |
| Assessment Liens Interest and Costs | B-10 | 56.31 | 56.31 |
| | | <u>111,711.89</u> | <u>144,861.89</u> |
| Animal Control Fund: | | | |
| Cash and Cash Equivalents | B-4 | <u>111,568.60</u> | <u>124,863.20</u> |
| Open Space Trust Fund: | | | |
| Cash and Cash Equivalents | B-4 | <u>879,077.63</u> | <u>963,553.97</u> |
| Other Trust Funds: | | | |
| Cash and Cash Equivalents | | 2,858,893.84 | 2,122,638.00 |
| Investments | | 15,000.00 | 15,000.00 |
| | B-4 | <u>2,873,893.84</u> | <u>2,137,638.00</u> |
| Pleasant Valley Lake Dam Trust Fund: | | | |
| Cash and Cash Equivalents | B-4 | | 0.10 |
| | | | <u>0.10</u> |
| Lake Community Property Owners Dam #1 Trust Fund: | | | |
| Cash and Cash Equivalents | B-4 | 161,906.68 | 149,722.12 |
| Accounts Receivable | | 107,878.20 | 140,396.96 |
| | | <u>269,784.88</u> | <u>290,119.08</u> |
| Lake Community Property Owners Dam #2 Trust Fund: | | | |
| Cash and Cash Equivalents | B-4 | 196,415.43 | 133,375.41 |
| Accounts Receivable | | 237,380.94 | 324,836.94 |
| | | <u>433,796.37</u> | <u>458,212.35</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 4,679,833.21</u> | <u>\$ 4,119,248.59</u> |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Assessment Trust Fund | | | |
| Serial Bonds Payable | B-8 | \$ 64,545.00 | \$ 97,695.00 |
| Reserve for: | | | |
| Assessments and Liens | B-11 | 11,693.88 | 18,271.00 |
| Assessment Liens Interest and Costs | B-10 | 56.31 | 56.31 |
| Fund Balance | B-1 | 35,416.70 | 28,839.58 |
| | | <u>111,711.89</u> | <u>144,861.89</u> |
| Animal Control Fund: | | | |
| Reserve for Animal Control Expenditures | B-6 | <u>111,568.60</u> | <u>124,863.20</u> |
| Open Space Trust Fund: | | | |
| Reserve for Open Space | | <u>879,077.63</u> | <u>963,553.97</u> |

TOWNSHIP OF VERNON
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

| | December 31, | |
|--|---------------------|---------------------|
| <u>Ref.</u> | <u>2019</u> | <u>2018</u> |
| <u>LIABILITIES AND RESERVES</u> | | |
| Other Trust Funds: | | |
| Due to State of New Jersey: | | |
| Building Surcharge Fees | \$ 2,032.00 | \$ 4,055.00 |
| Reserve for: | | |
| Developers Escrow Deposits Payable | 125,366.00 | 104,073.85 |
| Planning Board Application Deposits | 113,127.64 | 102,479.36 |
| Unemployment Compensation Insurance | 79,273.38 | 67,614.58 |
| Recreation | 102,199.80 | 194,400.54 |
| Parking Offense Adjudication Act | 574.00 | 526.00 |
| Premiums on Tax Sale | 1,462,900.00 | 661,500.00 |
| M.A.C. Donations | 8,660.27 | 8,660.27 |
| Fire Prevention Penalties | 8,500.23 | 8,825.93 |
| Stream Clear Signs | 4,875.58 | 4,875.58 |
| Public Defender Fees | 4,156.88 | 9,321.88 |
| Police Outside Services | 32,139.76 | 1,977.50 |
| Senior Citizens Center | 3,041.31 | 1,041.76 |
| Compensated Absences | 122,041.95 | 170,274.64 |
| Small Cities Housing | 1,733.00 | 1,733.00 |
| Storm Recovery | 47,932.33 | 90,865.45 |
| Council on Affordable Housing | 435,013.31 | 378,228.09 |
| Developers Bonds | 217,096.36 | 209,334.06 |
| Pleasant Valley Dam Rehabilitation | | 10.45 |
| Barry Lakes Dam #1 | 5,234.00 | 5,148.37 |
| Barry Lakes Dam #2 | 5,104.58 | 5,022.22 |
| Net Payroll and Payroll Deductions | 70,972.69 | 74,193.67 |
| Flexible Spending Trust | 2,080.27 | 1,491.30 |
| Animal Control Donations | 19,838.50 | 31,984.50 |
| | <u>2,873,893.84</u> | <u>2,137,638.00</u> |
| Pleasant Valley Lake Dam Trust Fund: | | |
| Due to Pleasant Valley Lake Homeowners Association: | | |
| Due to Current Fund | | 0.10 |
| | | <u>0.10</u> |
| Lake Community Property Owner's Association Dam #1 Trust Fund: | | |
| Due to Lake Community Property Owners Association: | | |
| Accrued Interest - Future Years | 32,583.48 | 37,451.09 |
| Due to LCPOA Escrow | 5,440.26 | 5,440.26 |
| New Jersey Department of Environmental Protection | | |
| Loan Payable - Future Years | 231,761.14 | 247,227.73 |
| | <u>269,784.88</u> | <u>290,119.08</u> |

TOWNSHIP OF VERNON
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

| | December 31, | |
|--|------------------------|------------------------|
| <u>Ref.</u> | <u>2019</u> | <u>2018</u> |
| <u>LIABILITIES AND RESERVES</u> | | |
| Lake Community Property Owner's Association Dam #2 Trust Fund: | | |
| Due to Lake Community Property Owners Association: | | |
| Accrued Interest - Future Years | \$ 64,669.78 | \$ 71,935.50 |
| Reserve for Administrative Costs | 6,516.85 | 6,516.85 |
| Due to LCPOA Escrow | 12,207.99 | 12,207.99 |
| New Jersey Department of Environmental Protection | | |
| Loan Payable - Future Years | 350,401.75 | 367,552.01 |
| | <u>433,796.37</u> | <u>458,212.35</u> |
| <u>TOTAL LIABILITIES AND RESERVES</u> | <u>\$ 4,679,833.21</u> | <u>\$ 4,119,248.59</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

| | <u>Ref.</u> | <u>Total</u> | <u>Road Assessment</u> |
|----------------------------|-------------|---------------------|----------------------------|
| Balance December 31, 2018 | B | \$ 28,839.58 | \$ 28,839.58 |
| Increased by: | | | |
| Assessment Lien Redemption | | <u>6,577.12</u> | <u>6,577.12</u> |
| Balance December 31, 2019 | B | <u>\$ 35,416.70</u> | <u>\$ 35,416.70</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

| | Budget Revenue | Realized | Excess/ Deficit* |
|-----------------|-------------------|--------------|---------------------|
| Assessment Cash | \$ 33,150.00 | \$ 33,150.00 | \$ -0- |

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

| | Budget | Paid or Charged | Unexpended Balance Canceled |
|--------------------------------|--------------|--------------------|-----------------------------------|
| Payment of Bond/Loan Principal | \$ 33,150.00 | \$ 33,150.00 | \$ -0- |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2019
GENERAL CAPITAL FUND

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | | December 31, | |
|---|------|-------------------------|-------------------------|
| | Ref. | 2019 | 2018 |
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | C-2 | \$ 2,126,199.46 | \$ 2,154,092.73 |
| State and Federal Grants Receivable | | 55,750.00 | 58,750.00 |
| Deferred Charges to Future Taxation: | | | |
| Funded | | 11,435,455.00 | 13,242,305.00 |
| Unfunded | C-4 | 17,582,048.00 | 17,044,185.00 |
| <u>TOTAL ASSETS</u> | | <u>\$ 31,199,452.46</u> | <u>\$ 32,499,332.73</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Serial Bonds Payable | C-8 | \$ 11,435,455.00 | \$ 13,242,305.00 |
| Bond Anticipation Notes Payable | C-7 | 17,441,723.00 | 15,995,584.00 |
| Improvement Authorizations: | | | |
| Funded | C-5 | 267,038.34 | 7,738.39 |
| Unfunded | C-5 | 1,542,338.33 | 2,942,271.24 |
| Capital Improvement Fund | C-6 | 76,515.68 | 198,956.68 |
| Reserve for: | | | |
| Payment of Debt Service | | 1,069.00 | 1,069.00 |
| Preliminary Expenses | | 9,446.13 | |
| Sewer Lift Station Repairs | | 150,000.00 | |
| Fund Balance | C-1 | 275,866.98 | 111,408.42 |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 31,199,452.46</u> | <u>\$ 32,499,332.73</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

| | <u>Ref.</u> | |
|---|-------------------|-----------------------------|
| Balance December 31, 2018 | C | \$ 111,408.42 |
| Increased by: | | |
| Premium on Sale of Notes | \$ 86,458.56 | |
| Improvement Authorizations Canceled | <u>133,000.00</u> | |
| | | <u>219,458.56</u> |
| | | 330,866.98 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>55,000.00</u> |
| Balance December 31, 2019 | C | <u><u>\$ 275,866.98</u></u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2019
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2019
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2019
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF VERNON
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | December 31, | |
|-------------------------------------|-------------------------|-------------------------|
| | 2019 | 2018 |
| <u>ASSETS</u> | | |
| Land and Land Improvements | \$ 16,109,431.65 | \$ 16,031,288.00 |
| Buildings and Building Improvements | 2,779,668.61 | 2,779,668.61 |
| Machinery and Equipment | 15,455,254.39 | 14,754,393.78 |
| <u>TOTAL ASSETS</u> | <u>\$ 34,344,354.65</u> | <u>\$ 33,565,350.39</u> |
| <u>RESERVES</u> | | |
| Reserve for General Fixed Assets | \$ 34,344,354.65 | \$ 33,565,350.39 |
| <u>TOTAL RESERVES</u> | <u>\$ 34,344,354.65</u> | <u>\$ 33,565,350.39</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Vernon include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Vernon, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Vernon do not include the operations of the volunteer fire, first aid squads and municipal utility authority.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Vernon conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Vernon accounts for its financial transactions through the following separate funds:

Current Fund – Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds – Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

Assessment Trust Fund – Resources and expenditures for payment for Assessment Trust Fund debt.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting

General Capital Fund – Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group – These accounts were established with estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E.

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the Operating Funds when it is budgeted and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee benefit amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are not recorded and are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase; investments would generally be stated at fair value; fixed assets would be depreciated and the Township's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

The cash basis of accounting is followed in the Trust and General Capital Funds.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

- D. Deferred Charges to Future Taxation – The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget or collecting a grant. The unfunded deferred charge may also be funded by selling bonds and by issuing loans or capital lease purchase agreements.

- E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Grants Receivable - Grants receivable represent the total grant awards less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets Account Group – In accordance with New Jersey Administrative Code accounting requirements, as promulgated by the Division of Local Government Services, the Township has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include: (Cont'd)

- General Fixed Assets Account Group (Cont'd) – The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund and General Capital Fund. The values recorded in the General Fixed Asset Account Group and the Current and General Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.
- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current and Assessment Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

Summary of Municipal Debt

The Local Bond Law governs the issuance of bond to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

| | <u>December 31,</u> | | |
|---------------------------------------|----------------------|----------------------|----------------------|
| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| <u>Issued</u> | | | |
| General: | | | |
| Bonds, Loans and Notes | \$ 28,877,178.00 | \$ 29,237,889.00 | \$ 29,721,502.00 |
| Assessment Trust: | | | |
| Bonds, Loans and Notes | 64,545.00 | 97,695.00 | 131,040.00 |
| Debt Guaranteed by the Township | 582,162.89 | 614,779.74 | 262,389.58 |
| Total Debt Issued | <u>29,523,885.89</u> | <u>29,950,363.74</u> | <u>30,114,931.58</u> |
| Less - Funds Temporarily Held to Pay | | | |
| Bonds, Notes and Loans: | | | |
| Reserve to Pay Debt Service - General | 1,069.00 | 1,069.00 | |
| Assessment Trust Cash | 64,176.11 | 96,219.44 | 128,826.68 |
| Loans Issued by Another Entity | | | |
| to be Guaranteed by the Township | 582,162.89 | 614,779.74 | 262,389.58 |
| Total Deductions | <u>647,408.00</u> | <u>712,068.18</u> | <u>391,216.26</u> |
| Net Issued | <u>28,876,477.89</u> | <u>29,238,295.56</u> | <u>29,723,715.32</u> |

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt (Cont'd)

| | December 31, | | |
|--|-------------------------|-------------------------|-------------------------|
| | 2019 | 2018 | 2017 |
| <u>Authorized but not Issued:</u> | | | |
| General: | | | |
| Bonds and Notes | \$ 140,325.00 | \$ 1,048,601.00 | \$ 1,108,601.00 |
| Total Authorized but not Issued | <u>140,325.00</u> | <u>1,048,601.00</u> | <u>1,108,601.00</u> |
| Net Bonds, Notes and Loans Issued and Authorized but not Issued | <u>\$ 29,016,802.89</u> | <u>\$ 30,286,896.56</u> | <u>\$ 30,832,316.32</u> |

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.181%.

| | Gross Debt | Deductions | Net Debt |
|----------------------------|-------------------------|------------------------|-------------------------|
| Local School District Debt | \$ 6,195,000.00 | \$ 6,195,000.00 | |
| General Debt | 29,599,665.89 | 583,231.89 | \$ 29,016,434.00 |
| Assessment Trust Debt | <u>64,545.00</u> | <u>64,176.11</u> | <u>368.89</u> |
| | <u>\$ 35,859,210.89</u> | <u>\$ 6,842,408.00</u> | <u>\$ 29,016,802.89</u> |

Net Debt of \$29,016,802.89 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$2,457,737,367.33 = 1.181%.

Borrowing Power Under N.J.S. 40A:2-6 As Amended

| | |
|---|-------------------------|
| 3-1/2% Average Equalized Valuation of Real Property | \$ 86,020,807.86 |
| Net Debt | <u>29,016,802.89</u> |
| Remaining Borrowing Power | <u>\$ 57,004,004.97</u> |

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding – Current Year and Prior Year

| | Balance 12/31/18 | Additions | Retirements | Balance 12/31/19 |
|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Serial Bonds: | | | | |
| General Capital Fund | \$ 13,242,305.00 | | \$ 1,806,850.00 | \$ 11,435,455.00 |
| Assessment Trust Fund | 97,695.00 | | 33,150.00 | 64,545.00 |
| Bond Anticipation / Special | | | | |
| Emergency Notes: | | | | |
| Current Fund | 40,000.00 | \$ 600,000.00 | 40,000.00 | 600,000.00 |
| General Capital Fund | 15,995,584.00 | 17,441,723.00 | 15,995,584.00 | 17,441,723.00 |
| Total | <u>\$ 29,375,584.00</u> | <u>\$ 18,041,723.00</u> | <u>\$ 17,875,584.00</u> | <u>\$ 29,541,723.00</u> |
| | Balance 12/31/17 | Additions | Retirements | Balance 12/31/18 |
| Serial Bonds: | | | | |
| General Capital Fund | \$ 15,013,960.00 | | \$ 1,771,655.00 | \$ 13,242,305.00 |
| Assessment Trust Fund | 131,040.00 | | 33,345.00 | 97,695.00 |
| Bond Anticipation / Special | | | | |
| Emergency Notes: | | | | |
| Current Fund | 80,000.00 | \$ 40,000.00 | 80,000.00 | 40,000.00 |
| General Capital Fund | 14,707,542.00 | 15,995,584.00 | 14,707,542.00 | 15,995,584.00 |
| | <u>29,932,542.00</u> | <u>16,035,584.00</u> | <u>16,592,542.00</u> | <u>29,375,584.00</u> |
| Capital Lease Payable | <u>889.68</u> | | <u>889.68</u> | |
| Total | <u>\$ 29,933,431.68</u> | <u>\$ 16,035,584.00</u> | <u>\$ 16,593,431.68</u> | <u>\$ 29,375,584.00</u> |

Analysis of Debt Issued and Outstanding at December 31, 2019

General Capital Serial Bonds Payable

| <u>Description</u> | Final Maturity | Interest Rate | Balance Dec. 31, 2019 |
|---------------------------------------|-------------------|------------------|--------------------------|
| General Bonds of 2011 | 01/01/26 | 3.5%-4.57% | \$ 7,445,000.00 |
| Improvement to Sanitary Sewage System | 01/01/33 | 4.375%-4.40% | 2,400,000.00 |
| Refunding Bonds of 2014 | 01/01/21 | 4.00% | 1,590,455.00 |
| | | | <u>\$ 11,435,455.00</u> |

Assessment Trust Serial Bonds Payable

| <u>Description</u> | Final Maturity | Interest Rate | Balance Dec. 31, 2019 |
|-------------------------|-------------------|------------------|--------------------------|
| Refunding Bonds of 2014 | 01/01/21 | 4.00% | <u>\$ 64,545.00</u> |

Current Fund Special Emergency Notes Payable

| <u>Description</u> | Final Maturity | Interest Rate | Balance Dec. 31, 2019 |
|--------------------|-------------------|------------------|--------------------------|
| Special Emergency | 09/04/20 | 2.00% | <u>\$ 600,000.00</u> |

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 2: Long-Term Debt (Cont'd)

Analysis of Debt Issued and Outstanding at December 31, 2019 (Cont'd)

| <u>General Capital Bond Anticipation Notes Payable</u> | | | |
|---|-----------------------|----------------------|------------------------------|
| <u>Description</u> | <u>Final Maturity</u> | <u>Interest Rate</u> | <u>Balance Dec. 31, 2019</u> |
| Various Capital Improvements | 03/20/20 | 2.50% | \$ 715,128.00 |
| Various Emergency Services Purposes | 03/20/20 | 2.50% | 581,272.00 |
| Acquisition of Sanitary Sewerage Collection and Transmission Facilities | 03/20/20 | 2.50% | 3,566,000.00 |
| Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority | 10/23/20 | 2.09% | 2,275,996.00 |
| Various Capital Improvements | 03/20/20 | 2.50% | 1,730,000.00 |
| Various Capital Improvements | 09/04/20 | 2.00% | 1,152,225.00 |
| Various Capital Improvements | 09/04/20 | 2.00% | 1,239,975.00 |
| Acquisition of Vehicular Equipment | 09/04/20 | 2.00% | 76,100.00 |
| Various Capital Improvements | 09/04/20 | 2.00% | 2,048,000.00 |
| Various Capital Improvements | 03/20/20 | 2.50% | 400,000.00 |
| Various Capital Improvements | 09/04/20 | 2.00% | 700,000.00 |
| Various Capital Improvements | 06/12/20 | 2.00% | 1,407,500.00 |
| Installation of Turf Fields at Maple Grange Park | 09/04/20 | 2.00% | 692,750.00 |
| Various Capital Improvements | 09/04/20 | 2.00% | 856,777.00 |
| | | | <u>\$ 17,441,723.00</u> |
| Total Debt Issued and Outstanding | | | <u>\$ 29,541,723.00</u> |

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonds Issued and Outstanding

| <u>Year</u> | <u>General</u> | | <u>Assessment Trust</u> | | <u>Total</u> |
|-------------|-------------------------|------------------------|-------------------------|--------------------|-------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2020 | \$ 1,851,850.00 | \$ 442,899.70 | \$ 33,150.00 | \$ 1,918.80 | \$ 2,329,818.50 |
| 2021 | 1,853,605.00 | 370,753.60 | 31,395.00 | 627.90 | 2,256,381.50 |
| 2022 | 1,120,000.00 | 310,906.50 | | | 1,430,906.50 |
| 2023 | 1,165,000.00 | 264,165.50 | | | 1,429,165.50 |
| 2024 | 1,305,000.00 | 212,156.00 | | | |
| 2025-2029 | 3,340,000.00 | 391,800.00 | | | 3,731,800.00 |
| 2030-2033 | 800,000.00 | 70,400.00 | | | 870,400.00 |
| | <u>\$ 11,435,455.00</u> | <u>\$ 2,063,081.30</u> | <u>\$ 64,545.00</u> | <u>\$ 2,546.70</u> | <u>\$ 12,048,472.00</u> |

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 2: Long-Term Debt (Cont'd)

Guaranteed Debt – Barry Lakes Dam Rehabilitation #1

The Lake Community Property Owners Association #1 (“LCPOA #1”) is a not for profit corporation organized and existing under the laws of the State of New Jersey and is the owner of a dam that was determined to be in need of repair, improvement and rehabilitation in order to bring the dam into compliance with the applicable standards established by the State of New Jersey, the Department of Environmental Protection (“NJDEP”).

In 2009, LCPOA #1 entered into a loan agreement with the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection to finance the cost of the dam rehabilitation project. By the completion of the project in 2015, LCPOA #1 had borrowed or “drawn down” \$299,000.00 of NJDEP loan funds. Principal repayments to NJDEP commenced on December 27, 2015 on a semiannual basis and will continue until December 27, 2032 at two percent interest.

As required by NJDEP regulations, N.J.A.C. 7:24A1-1 et seq., the Township of Vernon entered into a co-borrower agreement with LCPOA #1 as a guarantor of the NJDEP loan. As a result of this guarantee, the Township of Vernon is contingently liable should LCPOA #1 fail to meet their obligations to NJDEP. As of December 31, 2019, the balance of the guaranteed loan is \$231,461.14.

Guaranteed Debt – Barry Lakes Dam Rehabilitation #2

The Lake Community Property Owners Association #2 (“LCPOA #2”) is a not for profit corporation organized and existing under the laws of the State of New Jersey and is the owner of a dam that was determined to be in need of repair, improvement and rehabilitation in order to bring the dam into compliance with the applicable standards established by the State of New Jersey, the Department of Environmental Protection (“NJDEP”).

In 2018, LCPOA #2 entered into a loan agreement with the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection to finance the cost of the dam rehabilitation project. By the end of 2018, LCPOA #2 had borrowed or “drawn down” \$376,000 of NJDEP loan funds. Principal repayments to NJDEP commenced on August 8, 2018 on a semiannual basis and will continue until August 8, 2036 at two percent interest.

As required by NJDEP regulations, N.J.A.C. 7:24A1-1 et seq., the Township of Vernon entered into a co-borrower agreement with LCPOA #2 as a guarantor of the NJDEP loan. As a result of this guarantee, the Township of Vernon is contingently liable should LCPOA #2 fail to meet their obligations to NJDEP. As of December 31, 2019, the balance of the guaranteed loan is \$350,401.75.

Note 3: Fund Balances Appropriated

Fund balance at December 31, 2019, which is appropriated and included in the Current Fund budget for the year ending December 31, 2019, is as follows:

| | |
|--------------|-----------------|
| Current Fund | \$ 1,000,000.00 |
|--------------|-----------------|

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 4: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township of Vernon has elected not to defer school taxes.

Note 5: Pension Plans

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

| <u>Tier</u> | <u>Definition</u> |
|-------------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Township contributions to PERS amounted to \$484,399.69 for 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2019, the Township's liability was \$8,791,515 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the Township's proportion was 0.049%, which was a decrease of 0.004% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Township recognized actual pension expense in the amount of \$484,399.69.

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

| | | |
|---------------------------|--|--|
| Inflation Rate: | | |
| Price | | 2.75% |
| Wage | | 3.25% |
| Salary Increases: | | |
| Through 2026 | | 2.00 – 6.00% based on years of service |
| Thereafter | | 3.00 – 7.00% based on years of service |
| Investment Rate of Return | | 7.00% |

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|------------------------------|---|
| Risk Management Strategies | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| U.S. Equity | 28.00% | 8.26% |
| Non-U.S. Developed Market Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2019 | | |
|--|---------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (5.28%) | Current Discount Rate (6.28%) | 1% Increase (7.28%) |
| Township's proportionate share of the Net Pension Liability | \$ 11,070,543 | \$ 8,791,515 | \$ 6,820,683 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service. The following represents the membership tiers for PFRS:

| Tier | Definition |
|------|---|
| 1 | Members who were enrolled prior to May 22, 2010 |
| 2 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 3 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2019 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2019 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2019. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Township contributions to PFRS amounted to \$874,372.00 for the year ended December 31, 2019. During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$126,577 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$218,274.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2019, the Township's liability for its proportionate share of the net pension liability was \$11,897,056. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the Township's proportion was 0.097%, which was an increase of 0.004% from its proportion measured as of June 30, 2018.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$1,878,568 as of June 30, 2019. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the State's proportion was 0.097%, which was an increase of 0.004% from its proportion measured as of June 30, 2018 which is the same proportion as the Township's.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

| | |
|---|-----------------------------|
| Township's Proportionate Share of the Net Pension Liability | \$ 11,897,056 |
| State's Proportionate Share of the Net Pension Liability Associated with the Township | <u>1,878,568</u> |
| Total Net Pension Liability | <u><u>\$ 13,775,624</u></u> |

For the year ended December 31, 2019, the Township recognized total pension expense of \$874,372.00.

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation Rate | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through all future years | 3.25% - 15.25% based on years of service |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the RP-2010 Safety Employee Mortality Table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted Retiree mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2019 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------------|----------------------|--|
| Risk Management Strategies | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| U.S. Equity | 28.00% | 8.26% |
| Non-U.S. Developed Market Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on 70% of the actuarially contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2019 | | |
|---|---------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (5.85%) | Current Discount Rate (6.85%) | 1% Increase (7.85%) |
| Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township | \$ 18,619,623 | \$ 13,775,624 | \$ 9,766,516 |

Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Township recognized pension expense of \$6,184.42 for the year ended December 31, 2019. Employee contributions to DCRP amounted to \$8,398.64 for the year ended December 31, 2019.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$794,818.52. This amount is not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Compensated Absences of \$122,041.95 on the Trust Fund balance sheet at December 31, 2019.

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after January 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|----------------------------------|----------------------------|----------------------------|----------------------------|
| <u>Tax Rate</u> | \$ 2.818 | \$ 2.693 | \$ 2.621 |
| <u>Apportionment of Tax Rate</u> | | | |
| Municipal | .685 | .649 | .622 |
| County | .550 | .541 | .511 |
| Local School | 1.583 | 1.503 | 1.488 |
| <u>Assessed Valuations</u> | | | |
| 2018 | <u>\$ 2,587,727,369.00</u> | | |
| 2017 | | <u>\$ 2,598,328,289.00</u> | |
| 2016 | | | <u>\$ 2,610,333,966.00</u> |

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|------------------|-------------------------|---------------------------------|
| | | <u>Cash Collections</u> | <u>Percentage of Collection</u> |
| 2019 | \$ 72,969,393.67 | \$ 69,912,103.02 | 95.81% |
| 2018 | 70,020,611.68 | 66,929,247.37 | 95.58% |
| 2017 | 68,502,705.28 | 65,863,508.73 | 96.14% |

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 8: Cash and Cash Equivalents and Investments

Cash and cash equivalents include change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investments matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below and on the following page.

Custodial Credit Risk – The Township's policy with respect to custodial credit risk requires that the Township ensures that Township funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
 (Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds; and in addition

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Township to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

- (6) Local government investments pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2019, cash and cash equivalents and investments of the Township of Vernon consisted of the following:

| Fund | Cash on Hand | Checking Accounts | Investments Certificates of Deposits | Totals |
|---------------------|------------------|-------------------------|--|-------------------------|
| Current | \$ 770.00 | \$ 7,425,925.50 | | \$ 7,426,695.50 |
| Assessment Trust | | 99,592.81 | | 99,592.81 |
| Animal Control | | 111,568.60 | | 111,568.60 |
| Other Trust | | 2,858,893.84 | \$ 15,000.00 | 2,873,893.84 |
| Open Space Trust | | 879,077.63 | | 879,077.63 |
| LCPOA Lake Trust #1 | | 161,906.68 | | 161,906.68 |
| LCPOA Lake Trust #2 | | 196,415.43 | | 196,415.43 |
| General Capital | | 2,126,199.46 | | 2,126,199.46 |
| | <u>\$ 770.00</u> | <u>\$ 13,859,579.95</u> | <u>\$ 15,000.00</u> | <u>\$ 13,875,349.95</u> |

The Township has \$15,000.00 of investments in the form of certificates of deposits as of the year ended December 31, 2019. The carrying amount of the Township's cash and cash equivalents and investments at year end was \$13,875,349.95 and the bank balance was \$11,810,956.64.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 9: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Township obtains their health benefit coverage through Horizon Blue Cross/Blue Shield of NJ, dental coverage through Delta Dental and vision coverage through Horizon.

The following coverages are obtained through a commercial policy:

- a.) Liability Other Than Motor Vehicles
- b.) Property Damage Other Than Motor Vehicles
- c.) Motor Vehicles
- d.) Environmental

The Township of Vernon is currently a member of the Statewide Insurance Fund (the "Fund"). The Fund provides its members with Workers' Compensation Insurance and blanket employees crime coverage. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

The December 31, 2019 audit report was not available as of the date of this report. Selected, summarized financial information for the Fund as of December 31, 2018 is as follows:

| | |
|------------------------|---------------|
| Total Assets | \$ 48,828,931 |
| Net Position | \$ 13,407,234 |
| Total Revenue | \$ 25,482,958 |
| Total Expenses | \$ 25,415,027 |
| Change in Net Position | \$ 67,931 |
| Members Dividends | \$ 47,282 |

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

Statewide Insurance Fund
One Sylvan Way
Parsippany, NJ 07054
(862) 260-2050

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 9: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous two years.

| <u>Year</u> | <u>Township Contributions</u> | <u>Employee Contributions</u> | <u>Interest Earned</u> | <u>Claims/ Reimbursed</u> | <u>Ending Balance</u> |
|-------------|-----------------------------------|-----------------------------------|----------------------------|-------------------------------|---------------------------|
| 2019 | \$ -0- | \$ 18,429.74 | \$ 1,273.69 | \$ 8,044.63 | 79,273.38 |
| 2018 | 10,000.00 | 18,266.64 | 899.30 | 11,604.51 | 67,614.58 |
| 2017 | 10,000.00 | 18,264.84 | 271.17 | 10,831.08 | 50,053.15 |

Note 10: Contingencies

The Township is periodically involved in various other lawsuits arising in the normal course of business, which often include claims for property damage, personal injury, tax appeals, constitutional rights, civil rights and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2019.

Amounts received or receivable from grantors, principally the federal and state governments, are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

In addition, the Township has financing agreements in place for the debt related to the sewer system with several other entities and for debt related to the dam rehabilitations at Pleasant Valley Lake and Barry Lake with the property owners association. If these entities were to default, the Township would be required to pay the debt service related to the sewer system and the dam rehabilitations.

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township's Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve in the amount of \$333,000.00 so as to provide for the full amount of this contingency.

Under a developer's agreement with the Township, the Mountain Creek Resort, Inc. ("MCRI") is responsible to reimburse the Township, on an annual basis, the debt service payments related to the debt issued for the improvement to the sanitary sewerage system for the 2008 "Vernon Sewer Bonds", which is approximately \$190,000 to \$284,000 annually.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 10: Contingencies (Cont'd)

The MCRI is also responsible for 63% of the Vernon Township Municipal Utility Authority's ("VTMUA") annual budget deficit which includes the annual capital and debt service payments made to Sussex County Municipal Utilities Authority ("SCMUA") in connection with the expansion of the wastewater system for the Township's Town Center and MCRI's property. The annual debt service due to the SCMUA is approximately \$700,000 to \$1,525,000.

In addition, the MCRI is responsible for all costs related to the construction of the Sand Hill Road sewerage pump stations in order to provide an adequate flow to the Town Center and MCRI's property and also for VTMUA to meet the minimum guaranteed flow established by the SCMUA. As of December 31, 2019, MCRI has not made the required improvements to the pump station. The estimated construction cost is \$2,100,000.00.

The MCRI filed for federal Chapter 11 bankruptcy protection on May 15, 2017 wherein the VTMUA was listed as an unsecured creditor. On March 30, 2018, the Township and the VTMUA filed a complaint against MCRI to address this issue, seek payment of moneys due and owing and assert a secured position against all property owned by MCRI. MCRI has defended against this complaint. If MCRI were to prevail on the complaint and not pay the Township or VTMUA as set forth in the above referenced agreements, the Township and the VTMUA may be required to satisfy these obligations. Included in the Township and the VTMUA complaint is a request to obtain judgment to draw down the \$1,976,009 irrevocable letter of credit. The bankruptcy court has referred the Chapter 11 case and the complaint to mediation in an attempt to facilitate a settlement. The Township and the VTMUA have included in their 2020 budget additional appropriation for litigation costs in the event the mediation does not result in a settlement.

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the various balance sheets at December 31, 2019:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|------------------------------|---------------------------------|------------------------------|
| Current Fund | | \$ 46,136.61 |
| Federal and State Grant Fund | \$ 46,136.61 | |
| | <u>\$ 46,136.61</u> | <u>\$ 46,136.61</u> |

The interfund receivable in the Federal and State Grant Fund represents the net of Federal and State Grant Fund expenditures paid by the Current Fund and Federal and State Grant Fund receipts collected by the Current Fund.

Note 12: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 13: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2019 and 2018:

| | Balance Dec. 31, 2018 | Additions | Deletions/ Adjustments | Balance Dec. 31, 2019 |
|-----------------------------------|--------------------------|------------------------|---------------------------|--------------------------|
| Land & Land Improvements | \$ 16,031,288.00 | \$ 78,143.65 | | \$ 16,109,431.65 |
| Buildings & Building Improvements | 2,779,668.61 | | | 2,779,668.61 |
| Machinery and Equipment | 14,754,393.78 | 1,157,911.08 | \$ 457,050.47 | 15,455,254.39 |
| | <u>\$ 33,565,350.39</u> | <u>\$ 1,236,054.73</u> | <u>\$ 457,050.47</u> | <u>\$ 34,344,354.65</u> |

| | Balance Dec. 31, 2017 | Additions/ Adjustments | Deletions | Balance Dec. 31, 2018 |
|-----------------------------------|--------------------------|---------------------------|----------------------|--------------------------|
| Land & Land Improvements | \$ 9,922,203.00 | \$ 6,325,048.00 | \$ 215,963.00 | \$ 16,031,288.00 |
| Buildings & Building Improvements | 2,779,668.61 | | | 2,779,668.61 |
| Machinery and Equipment | 14,311,268.13 | 489,455.99 | 46,330.34 | 14,754,393.78 |
| | <u>\$ 27,013,139.74</u> | <u>\$ 6,814,503.99</u> | <u>\$ 262,293.34</u> | <u>\$ 33,565,350.39</u> |

Note 14: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, the following deferred charge is shown on the balance sheet of the Current Fund:

| | Balance Dec. 31, 2019 | Required 2020 Budget Appropriation | Balance to Succeeding Years' Budgets |
|---|--------------------------|--|--|
| Current Fund: | | | |
| Special Emergency Authorizations (N.J.S.A. 40A:4-53) | \$ 600,000.00 | \$ 200,000.00 | \$ 400,000.00 |

The appropriation in the 2020 budget is not less than that required by statute.

Note 15: Deferred Compensation

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by V.A.L.I.C., permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

Note 16: Related Parties Transactions

The Township of Vernon has a shared services agreement with the Vernon Township Municipal Utility Authority (the "MUA") for Chief Financial Officer, Administrative Assistant and Department of Public Works services. Also, the Township of Vernon collects sewer rent receipts on the MUA's behalf.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 17: Post Retirement Benefits Other Than Pensions (OPEB)

General Information about the Township's OPEB Plan

Plan Description and Benefits Provided

The Township of Vernon obtains their postemployment healthcare plan coverage from Horizon Blue Cross Blue Shield of NJ and postemployment dental plan coverage from Delta Dental.

The Township provides post-retirement benefits to both bargaining and non-bargaining employees who meet the following criteria:

1. Bargaining Unit Employees

A. New Jersey State Policemen's Benevolent Association Local No. 285

The Township shall pay health insurance premiums for retired police officers and their eligible dependents under the following circumstances:

1. Officers who were hired prior to January 1, 1999 who retire within the meaning of the PFRS (Police and Firemen's Retirement System) shall receive health benefits paid for by the Township of Vernon (the "Township") for themselves and eligible dependents at the same level of benefits, including co-pays and other out-of-pocket limits that were in effect as of the date immediately preceding retirement. For all retirees who are eligible for medical benefits, Medicare shall become primary for the retiree and the Township insurance secondary when the retiree is eligible for Medicare. If the retiree is not eligible for Medicare, the Township's insurance shall remain as primary.
2. Officers who were hired on or after January 1, 1999 who retire within the meaning of the PFRS and have at least 15 years of full time service to the Township shall receive health benefits paid for by the Township for themselves and eligible dependents at the same level of benefits, including co-pays and other out-of-pocket limits, that were in effect as of the date immediately preceding retirement. For all retirees who are eligible for medical benefits, Medicare shall become primary for the retiree and the Township insurance secondary when the retiree is eligible for Medicare. If the retiree is not eligible for Medicare, the Township's insurance shall remain as primary.
3. Officers who were hired on or after January 1, 2016 who retire within the meaning of the PFRS and have at least 20 years of full time service to the Township shall receive health benefits paid for by the Township for themselves and eligible dependents at the same level of benefits, including co-pays and other out-of-pocket limits, that were in effect as of the date immediately preceding retirement. For all retirees who are eligible for medical benefits, Medicare shall become primary for the retiree and the Township insurance secondary when the retiree is eligible for Medicare. If the retiree is not eligible for Medicare, the Township's insurance shall remain as primary.
4. Upon the death of the retired Police Officer, coverage will be continued for his or her spouse, provided that the officer was married to the spouse at the time of his/her retirement, and will be continued for his or her dependent children, provided the children were designated as dependents at the time of the Police Officer's retirement, until the death or remarriage of the spouse, or until receipt of other coverage by that spouse, or until the spouse reaches the age of sixty-five (65), whichever occurs first.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 17: Post Retirement Benefits Other Than Pensions (OPEB) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

1. Bargaining Unit Employees (Cont'd)

A. New Jersey State Policemen's Benevolent Association Local No. 285 (Cont'd)

5. After retirement, no new dependents may be added to the Police Officer's coverage. However, if a retired Police Officer, who had coverage for his or her spouse at the time of retirement, remarries, the new spouse may receive coverage as provided for in Paragraph "3" above. However, upon the death of that Police Officer, all coverages for the new spouse will terminate.
6. A retired Police Officer may apply not to be covered for medical insurance under the Township's insurance plan in exchange for cash payment equal to one-half (1/2) of the savings on the costs to the Township for providing coverage to said employee for one year. The Police Officer may not, thereafter, apply to rejoin the Township insurance plan.

B. U.A.W. Local No. 2326

1. Individuals employed by the Township of Vernon (the "Township") as of December 31, 2011, who retire within the meaning of PERS (Public Employees' Retirement System) and who have served in a full time capacity in Vernon Township for at least 20 years, shall be entitled to receive health benefits after retirement up until they reach the age of 65 with coverage equal to that of an active duty employee. When the retiree reaches the age of sixty-five (65), the Township shall provide the retiree with a supplemental integrated coverage policy which shall be secondary to the retiree's Medicare coverage, provided that the total available coverage is equal to that of an active duty employee.
2. Upon the death of a retired employee who was employed by the Township as of December 31, 2011, coverage will be continued for his or her spouse or same or opposite sex domestic partner, provided that the employee was married or domestically partnered at the time of his or her retirement, and will be continued for his or her dependent children, provided the children were designated as dependents at the time of the employee's retirement, until the death, remarriage or re-partnering of the spouse or partner, or until receipt of other coverage by that spouse or partner, or until the spouse or partner reaches the age of sixty-five (65), whichever occurs first.
3. For employees commencing employment with the Township on or after January 1, 2010, upon retirement as defined by PERS:
 - i. The employee will continue to receive single health insurance paid for by the Township up to age 65;
 - ii. The Township will provide coverage for the employee's spouses and/or dependents upon contribution by the employee of the current Township Group Rate until the employee is age 65 and to age 26 for dependents;
 - iii. Upon age 65/qualification for Medicare, the Township will reimburse the employee in the equivalent to single coverage Basic AARP Medicare Supplemental Insurance until the death of the employee.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 17: Post Retirement Benefits Other Than Pensions (OPEB) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

1. Bargaining Unit Employees (Cont'd)

B. U.A.W. Local No. 2326 (Cont'd)

4. After retirement, no new dependents may be added to the employee's coverage. However, if a retired employee who had coverage for his or her spouse or domestic partner at the time of retirement remarries or re-partners, the new spouse or domestic partner may receive coverage as provided for in Paragraph 3 or 4 as applicable. However, upon the death of that employee, all coverages for the new spouse or domestic partner will terminate.
5. A retired employee may opt out of being covered for medical insurance under the Township's insurance plan in exchange for a cash payment equal to one-half of the savings on the costs to the Township for providing coverage to said employee for one year. The employee may not, thereafter, apply to rejoin the Township insurance plan.

C. American Federation of State, County and Municipal Employees (AFSCME) Local #3181

1. For employees who were employed with the Township as of December 31, 2009, and who retire within the meaning of PERS (Public Employees' Retirement System) and who served in a full-time capacity with the Township for at least 20 years shall be entitled to receive health benefits after retirement until they reach the age of 65 with coverage equal to that of an active duty employee. When the retiree reaches the age of 65, the Township shall provide the retiree with a supplemental integrated coverage policy which shall be secondary to the retiree's Medicare coverage, provided that the total available coverage is equal to that of an active duty employee.

Upon the death of the retired employee, coverage will be continued for their spouse, provided that the employee was married to the spouse at the time of their retirement, and will be continued for their dependent children, provided the children were designated as dependent at the time of their retirement or until the death or remarriage of the spouse, or until the receipt of other coverage by that spouse or until the spouse reaches age sixty five (65) whichever occurs first.

2. For employees hired on or after January 1, 2010, and who retire within the meaning of PERS and who served in a full-time capacity with the Township for at least 20 years shall be entitled to receive single coverage health benefits after retirement until they reach the age of 65 with coverage equal to that of an active duty employee. When the retiree reaches the age of 65, the Township shall provide the retiree with a single coverage Basic AARP Medical Supplemental Insurance. The Township will provide coverage for the employee's spouse *and/or* dependents upon contribution of the current Township Group Rate until age 65 for employee and age 25 for the dependents.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 17: Post Retirement Benefits Other Than Pensions (OPEB) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

2. Non-bargaining Employees

Employees who retire on a disability pension or retire within the meaning of the Public Employees Retirement System or Police and Fireman's Retirement System and who have 15 or more years of service with the Township of Vernon are eligible for:

Paid health insurance benefits which are the same or substantially similar to those of active Township employees. The Township's coverage is primary until the employee or spouse reaches age 65, at which time Medicare provides the primary coverage and the Township provides secondary coverage for the person reaching age 65.

Upon the death of the retired employee, coverage will be continued for his or her spouse, provided that the employee was married to the spouse at the time of his/her retirement, and will be continued for his or her dependent children for as long as they remain eligible for coverage, provided the children were designated as dependents at the time of the employees' retirement, until the death or remarriage of the spouse, or until receipt of other coverage by that spouse, until the spouse reaches the age of 65, whichever occurs first.

P.L. 2011 c.78 requires non-bargaining employees that retire after June 28, 2011 and receive employer paid health benefits to make a health benefits contribution, paid to their employer as a deduction from their retirement benefit. However, P.L. 2011 c. 78 requirement for retiree health insurance contributions does not apply to employees that have 20 years or more of service in a state or local retirement system as of June 28, 2011 and meet the eligibility requirements of the employer.

Contribution

There is currently no provision under State statute for the Township to accrue funds, create a trust or issue debt to finance their OPEB liability.

The Township's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget. During 2019, 2018 and 2017, the Township had approximately 167, 167 and 156 employees, respectively, who met eligibility requirements and recognized expenses of approximately \$826,584, \$1,472,754 and \$1,735,399 in 2019, 2018 and 2017, respectively.

Employees Covered by Benefit Terms

As of December 31, 2019, there was a total of 167 active employees and retirees, reflecting the sum of 92 active employees and 75 retirees and surviving spouses.

Total OPEB Liability

The Township's OPEB liability of \$45,810,780 was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2019.

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 17: Post Retirement Benefits Other Than Pensions (OPEB) (Cont'd)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------|-------|
| Discount Rate | 2.74% |
| Salary Increases | 2.50% |
| Inflation Assumptions | 2.50% |

The discount rate was revised from 4.10% in the previous actuarial valuation at December 31, 2018 to 2.74% at December 31, 2019.

The selected discount rate was based on the Bond Buyer 20 Bond GO Index, which represents the average of certain general obligation municipal funds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA as of the measurement date.

| <u>Health Care Trend Rates</u> | <u>Year</u> | <u>Medical</u> | <u>Prescription Drug</u> |
|------------------------------------|--------------|----------------|------------------------------|
| Year 2 Trend | 2019 | 5.90% | 9.50% |
| Ultimate Trend | 2026 & Later | 5.00% | 5.00% |
| Grading per Year | to 2022 | 0.10% | 0.50% |
| Grading per Year | from 2023 | 0.10% | 1.00% |

Mortality rates were based on RP-2000 Combined Healthy Male Mortality Rates Set Forward Three Years.

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|------------------------------|---------------------------------|
| Balance at January 1, 2018 | \$ 42,586,091 |
| Changes for Year: | |
| Service Cost | 416,383 |
| Interest Cost | 1,746,157 |
| Actuarial Assumption Changes | 1,888,733 |
| Benefit Payments | <u>(826,584)</u> |
| Net Changes | <u>3,224,689</u> |
| Balance at December 31, 2018 | <u><u>\$ 45,810,780</u></u> |

TOWNSHIP OF VERNON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 17: Post Retirement Benefits Other Than Pensions (OPEB) (Cont'd)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Township as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage lower (1.74 percent) or 1 percentage higher (3.74 percent) than the current discount rate:

| | December 31, 2019 | | |
|----------------------|---------------------------|--------------------------|---------------------------|
| | 1% Decrease (1.74%) | Discount Rate (2.74%) | 1% Increase (3.74%) |
| Total OPEB Liability | \$ 50,501,832 | \$ 45,810,780 | \$ 41,831,178 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage lower or 1 percentage higher than the valuation healthcare cost trend rates:

| | December 31, 2019 | | |
|----------------------|-------------------|--|----------------|
| | 1% Decrease | Valuation Healthcare Trend Rates | 1% Decrease |
| Total OPEB Liability | \$ 42,153,728 | \$ 45,810,780 | \$ 50,112,243 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the Township's OPEB expense was \$2,271,007 as determined by the actuarial valuation.

Note 18: Subsequent Event

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the Township's normal financial operations with the municipal office closed to the public and minimal staff working on site. Though the impact on the Township's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on tax collections as well as other revenue in the Current Fund.

TOWNSHIP OF VERNON

SUPPLEMENTARY DATA

TOWNSHIP OF VERNON
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2019

The following officials were in office during the period under audit:

| <u>Name</u> | <u>Title</u> | <u>Amount of Bond</u> | <u>Name of Corporate or Personal Surety</u> |
|-----------------------------------|-------------------------------|---------------------------|---|
| Harry J. Shortway | Mayor | | |
| Jean Murphy | Council President | | |
| Daniel Kadish (to 02/26/19) | Councilmember | | |
| Patrick Curreri (from 3/11/19) | Councilmember | | |
| Sandra Ooms | Councilmember | | |
| John Auberger | Councilmember | | |
| Mark Van Tassel | Councilmember | | |
| Charles Voelker | Business Administrator | | |
| Lauren Kirkman (to 12/6/19) | Municipal Clerk | * | * |
| Marcy Gianattasio (from 12/26/19) | Municipal Clerk | * | * |
| Lisa Kimkowski | Tax Collector | * | * |
| Donelle Bright | Chief Financial Officer | | |
| James Devine | Magistrate | * | * |
| Donna Zuidema (to 1/31/19) | Court Administrator | * | * |
| Lindsay Miller (from 01/31/19) | Court Administrator | * | * |
| Lindsay Miller (until 02/01/19) | Deputy Court Administrator | * | * |
| Rachel Nestel (from 1/30/19) | Deputy Court Administrator | * | * |
| David Condon | Construction Official | * | * |
| James Epperly | Animal Control Officer | * | * |
| Arthur R. Mills (to 1/31/19) | Police Chief | * | * |
| Daniel B. Young (from 2/1/19) | Police Chief | * | * |
| Joshua Zielinski | Attorney | | |
| Matthew J. Giacobbe, Esq. | Special Labor Counsel | | |
| Doug Steinhardt | Conflict Counsel | | |
| Alicia Saavedra Ferrante | Prosecutor | | |
| Lynne Schweighardt (to 4/30/19) | Tax Assessor | * | * |
| Kristen Umansky (from 5/21/19) | Tax Assessor | * | * |
| Mishelle Downtain | Director of Community Affairs | * | * |

* There is blanket employees crime coverage of \$1,000,000 for employee theft and \$250,000 for forgery or alteration covering all municipal employees, including statutory positions, with the Fidelity and Deposit Company of Maryland through Statewide Insurance Fund.

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2019
CURRENT FUND

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | |
|---|------------------|-------------------------------|
| Balance December 31, 2018 | A | \$ 4,562,529.58 |
| Increased by Receipts: | | |
| Tax Collector | \$ 72,377,665.63 | |
| Revenue Accounts Receivable | 6,018,364.73 | |
| Due to State of N.J.: | | |
| Veterans and Senior Citizens' Deductions | 156,054.79 | |
| Marriage License | 3,425.00 | |
| Nonbudget Revenue | 554,926.95 | |
| 2018 Appropriation Refunds | 767,459.11 | |
| Special Emergency Notes | 600,000.00 | |
| Due to Federal and State Grant Fund: | | |
| Federal and State Grants Receivable | 156,271.16 | |
| Unappropriated Grant Reserves | 5,500.00 | |
| Due from Pleasant Valley Lake Dam Trust Fund: | | |
| Settlement of Prior Year Interfund | 0.10 | |
| Accounts Payable | 2,340.00 | |
| Receivable due from: | | |
| Vernon Township MUA | 245,236.75 | |
| Mountain Creek Resort Inc. | 211,812.00 | |
| | <hr/> | 81,099,056.22 |
| | | 85,661,585.80 |
| Decreased by Disbursements: | | |
| 2019 Appropriation Expenditures | 21,743,014.15 | |
| 2018 Appropriation Reserves | 681,291.91 | |
| Special Emergency Notes | 40,000.00 | |
| Due to State of NJ: | | |
| Marriage License | 3,400.00 | |
| Due from Federal and State Grant Fund: | | |
| Appropriated Grant Reserves | 112,381.98 | |
| Local School District Taxes | 40,961,144.00 | |
| County Taxes | 14,196,422.67 | |
| Refund of Tax Overpayments | 32,049.81 | |
| Refund of Prior Year Taxes | 10,455.78 | |
| Reserve for: | | |
| Tax Maps | 4,500.00 | |
| Revaluation | 423,000.00 | |
| Prior Year Encumbrances Liquidated: | | |
| Reserve for Revaluation | 28,000.00 | |
| | <hr/> | 78,235,660.30 |
| Balance December 31, 2019 | A | <u><u>\$ 7,425,925.50</u></u> |

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2019

Increased by Receipts:

| | | |
|---------------------------------------|------------------|------------------|
| Taxes Receivable | \$ 71,277,898.52 | |
| Tax Title Liens Redemption | 87,031.07 | |
| 2020 Prepaid Taxes | 470,734.07 | |
| Interest and Costs on Taxes | 383,378.02 | |
| Miscellaneous Revenue Not Anticipated | 21,222.02 | |
| Tax Overpayments | 137,401.93 | |
| | <hr/> | <hr/> |
| | | \$ 72,377,665.63 |

Decreased by:

| | | |
|-----------------------|--|------------------|
| Payments to Treasurer | | <hr/> <hr/> |
| | | \$ 72,377,665.63 |

TOWNSHIP OF VERNON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2019

NOT APPLICABLE

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| Year | Balance Dec. 31, 2018 | 2019 Levy | Collections | | Overpayments Applied | State of NJ Veterans' and Senior Citizens' Deductions | Cancelled | Transferred to Tax Title Liens | Balance Dec. 31, 2019 |
|-------------|--------------------------|------------------|---------------|------------------|-------------------------|---|---------------|--------------------------------------|--------------------------|
| 2017 | \$ 9.73 | | | \$ 9.73 | | | | | |
| 2018 | 2,033,723.12 | | | 1,975,673.58 | | \$ 500.00 | \$ 35.31 | \$ 49,231.16 | \$ 8,283.07 |
| | 2,033,732.85 | | | 1,975,683.31 | | 500.00 | 35.31 | 49,231.16 | 8,283.07 |
| 2019 | | \$ 72,969,393.67 | \$ 433,446.41 | 69,302,215.21 | \$ 20,941.40 | 155,500.00 | 161,000.53 | 718,705.23 | 2,177,584.89 |
| | \$ 2,033,732.85 | \$ 72,969,393.67 | \$ 433,446.41 | \$ 71,277,898.52 | \$ 20,941.40 | \$ 156,000.00 | \$ 161,035.84 | \$ 767,936.39 | \$ 2,185,867.96 |
| <u>Ref.</u> | A | | | | | | | | A |

Analysis of 2019 Property Tax Levy:

Tax Yield:

| | |
|---------------------------------|------------------|
| General Purpose Tax | \$ 72,922,157.89 |
| Added Taxes (54:4-63.1 et seq.) | 47,235.78 |

\$ 72,969,393.67

Tax Levy:

| | |
|--|-------------------------|
| Local School District Taxes | \$ 40,961,144.00 |
| County Taxes: | |
| General Taxes | \$ 14,186,890.92 |
| Due County for Added and Omitted Taxes | 9,267.20 |
| | 14,196,158.12 |
| Local Tax for Municipal Purposes | 17,750,655.59 |
| Additional Taxes Levied | 61,435.96 |
| | 17,812,091.55 |
| | <u>\$ 72,969,393.67</u> |

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

| | <u>Ref.</u> | |
|--------------------------------|-------------|-------------------------------|
| Balance December 31, 2018 | A | \$ 3,855,021.54 |
| Increased by: | | |
| Transfer from Taxes Receivable | | \$ 767,936.39 |
| Interest and Costs on Tax Sale | | 39,083.35 |
| | | <hr/> |
| | | 807,019.74 |
| | | <hr/> |
| | | 4,662,041.28 |
| Decreased by: | | |
| Tax Title Lien Redeemed | | 87,031.07 |
| | | <hr/> |
| Balance December 31, 2019 | A | <u><u>\$ 4,575,010.21</u></u> |

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2019

| | Accrued In 2019 | Collected by Treasurer |
|--|------------------------|---------------------------|
| Alcoholic Beverages Licenses | \$ 10,718.07 | \$ 10,718.07 |
| Fees and Permits | 206,735.27 | 206,735.27 |
| Municipal Court: | | |
| Fines and Costs | 117,134.38 | 117,134.38 |
| Recycling Receipts | 53,784.69 | 53,784.69 |
| Energy Receipts Taxes | 1,862,248.00 | 1,862,248.00 |
| Garden State Trust | 105,963.00 | 105,963.00 |
| Watershed Moratorium Aid | 294,455.00 | 294,455.00 |
| Reserve for Sale of Municipal Assets | 67,198.00 | 67,198.00 |
| Uniform Construction Code Fees | 408,501.00 | 408,501.00 |
| Interlocal Service Agreement - 911 Communications: | | |
| Township of Wantage | 55,000.00 | 55,000.00 |
| Borough of Sussex | 15,000.00 | 15,000.00 |
| Interlocal Service Agreement - Animal Control: | | |
| Borough of Sussex | 10,600.00 | 10,600.00 |
| Interlocal Service Agreement - Financial Services: | | |
| Vernon Township MUA | 57,500.00 | 57,500.00 |
| Interlocal Service Agreement - DPW | | |
| Vernon Township MUA | 204,727.72 | 204,727.72 |
| Interlocal Service Agreement - Administrative: | | |
| Vernon Township MUA | 51,500.00 | 51,500.00 |
| Interlocal Service Agreement - Senior Citizens: | | |
| County of Sussex | 34,624.94 | 34,624.94 |
| Uniform Fire Safety Act | 30,199.67 | 30,199.67 |
| Lot Development Plan | 2,850.00 | 2,850.00 |
| Hotel Occupancy Fee | 292,593.15 | 292,593.15 |
| Reserve for Recreation Trust Fund | 83,000.00 | 83,000.00 |
| Interest on Investments | 138,705.71 | 138,705.71 |
| SCMUA Bills to be Repaid by VTMUA | 1,613,698.00 | 1,613,698.00 |
| VTMUA - Principal and Interest Payment | 345,499.58 | 345,499.58 |
| | <u>\$ 6,062,236.18</u> | <u>\$ 6,062,236.18</u> |

Ref.

| | |
|--|------------------------|
| Cash Receipt | \$ 6,018,364.73 |
| Interlocal Service Agreement - Financial Services: | |
| Due from Vernon Township MUA | 14,843.75 |
| Interlocal Service Agreement - DPW | |
| Due from Vernon Township MUA | 15,395.20 |
| Interlocal Service Agreement - Administrative: | |
| Due from Vernon Township MUA | 13,632.50 |
| | <u>\$ 6,062,236.18</u> |

TOWNSHIP OF VERNON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

| | Balance Dec. 31, 2018 | Budget Revenue Realized | Received | Balance Dec. 31, 2019 |
|---|--------------------------|-------------------------------|----------------------|--------------------------|
| Municipal Alliance on Alcoholism and Drug Abuse: | | | | |
| 2018 | \$ 20,467.00 | | \$ 20,466.03 | \$ 0.97 |
| 2019 | | \$ 20,467.00 | 8,717.00 | 11,750.00 |
| Body Armor Replacement Grant: | | | | |
| Federal - 2017 | 703.01 | | | 703.01 |
| State - 2019 | | 3,412.00 | 3,411.96 | 0.04 |
| Federal - 2019 | | 2,120.00 | | 2,120.00 |
| Drunk Driving Enforcement Fund - 2019 | | 10,612.00 | | 10,612.00 |
| Clean Communities Grant - 2019 | | 58,176.17 | 58,176.17 | |
| Traffic Barricades Grant | | 6,682.00 | | 6,682.00 |
| Safe and Secure Communities Program: | | | | |
| 2018 | 20,000.00 | | 20,000.00 | |
| 2019 | | 60,000.00 | 40,000.00 | 20,000.00 |
| NJ Division of Highway Traffic Safety: | | | | |
| 2019 Distracted Driver | | 5,500.00 | 5,500.00 | |
| NJ Highlands Water Protection & Planning Council: | | | | |
| Highlands Plan Conformance Grant | 216,051.00 | | | 216,051.00 |
| NJ Department of Environmental Protection: | | | | |
| No Net Loss Grant Reforestation Grant - 2014 | 282,960.00 | | | 282,960.00 |
| | <u>\$ 540,181.01</u> | <u>\$ 166,969.17</u> | <u>\$ 156,271.16</u> | <u>\$ 550,879.02</u> |
| <u>Ref.</u> | A | | | A |
| Federal Grants | | | \$ 5,500.00 | |
| State Grants | | | 150,771.16 | |
| | | | <u>\$ 156,271.16</u> | |

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019

| | Balance Dec. 31, 2018 | After Modification | Paid or Charged | Balance Lapsed |
|---|--------------------------|-----------------------|--------------------|-------------------|
| GENERAL GOVERNMENT: | | | | |
| General Administrative: | | | | |
| Salaries and Wages | \$ 10,891.45 | \$ 10,891.45 | \$ 8,734.00 | \$ 2,157.45 |
| Other Expenses | 14,709.15 | 13,409.15 | 3,628.74 | 9,780.41 |
| Mayor and Council: | | | | |
| Other Expenses | 449.41 | 449.41 | | 449.41 |
| Municipal Clerk: | | | | |
| Salaries and Wages | 1,893.59 | 1,893.59 | | 1,893.59 |
| Other Expenses | 15,524.51 | 15,524.51 | 8,268.69 | 7,255.82 |
| Financial Administration: | | | | |
| Salaries and Wages | 10,153.51 | 10,153.51 | 10,000.00 | 153.51 |
| Other Expenses | 1,980.86 | 1,980.86 | 780.86 | 1,200.00 |
| Annual Audit | 42,240.00 | 42,240.00 | 42,240.00 | |
| Technology: | | | | |
| Other Expenses | 6,242.10 | 6,242.10 | 3,324.90 | 2,917.20 |
| Revenue Administration (Collection of Taxes): | | | | |
| Salaries and Wages | 7,632.01 | 7,632.01 | | 7,632.01 |
| Other Expenses | 1,771.35 | 1,771.35 | 709.00 | 1,062.35 |
| Tax Assessment Administration: | | | | |
| Salaries and Wages | 2,404.92 | 2,404.92 | | 2,404.92 |
| Other Expenses | 21,760.47 | 21,760.47 | 577.56 | 21,182.91 |
| Legal Services: | | | | |
| Other Expenses | 39,979.41 | 49,979.41 | 45,245.01 | 4,734.40 |
| Engineering Services: | | | | |
| Other Expenses | 10,061.06 | 10,061.06 | 4,937.98 | 5,123.08 |
| Economic Development: | | | | |
| Other Expenses | 459.80 | 459.80 | | 459.80 |
| Beautification Committee: | | | | |
| Other Expenses | 365.21 | 365.21 | 362.75 | 2.46 |
| Arts Committee | | | | |
| Other Expenses | 522.90 | 522.90 | | 522.90 |
| GAAC Committee | | | | |
| Other Expenses | 849.70 | 849.70 | | 849.70 |
| Historic Preservation Commission: | | | | |
| Other Expenses | 296.45 | 1,596.45 | 1,300.00 | 296.45 |
| LAND USE ADMINISTRATION: | | | | |
| Land Use Board: | | | | |
| Salaries and Wages | 2,747.38 | 2,747.38 | | 2,747.38 |
| Other Expenses | 27,474.44 | 27,474.44 | 658.42 | 26,816.02 |
| INSURANCE: | | | | |
| Liability Insurance | 5,863.07 | 11,363.07 | 9,303.80 | 2,059.27 |
| Workers Compensation Insurance | 15,047.46 | 15,047.46 | | 15,047.46 |
| Employees Group Insurance (Health) | 236,992.88 | 236,992.88 | 6,900.87 | 230,092.01 |
| Health Benefit Waiver | 9,027.85 | 9,027.85 | 5,000.00 | 4,027.85 |
| PUBLIC SAFETY FUNCTIONS: | | | | |
| Police Department: | | | | |
| Salaries and Wages | 61,791.52 | 61,791.52 | 58,904.63 | 2,886.89 |
| Other Expenses | 22,845.34 | 22,845.34 | 9,338.81 | 13,506.53 |

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019
(Continued)

| | Balance Dec. 31, 2018 | After Modification | Paid or Charged | Balance Lapsed |
|---|--------------------------|-----------------------|--------------------|-------------------|
| PUBLIC SAFETY FUNCTIONS: | | | | |
| Township Radio and Communications: | | | | |
| Salaries and Wages | \$ 2,760.12 | \$ 2,760.12 | | \$ 2,760.12 |
| Other Expenses | 1,965.40 | 1,965.40 | \$ 1,285.00 | 680.40 |
| Volunteer Emergency Services: | | | | |
| Other Expenses | 52,179.50 | 52,179.50 | 27,616.66 | 24,562.84 |
| Uniform Fire Safety Act: | | | | |
| Salaries and Wages | 2,600.63 | 2,600.63 | | 2,600.63 |
| Other Expenses | 359.62 | 359.62 | | 359.62 |
| PUBLIC WORKS FUNCTIONS: | | | | |
| Streets and Roads Maintenance: | | | | |
| Salaries and Wages | 50,888.79 | 50,888.79 | 15,000.00 | 35,888.79 |
| Other Expenses | 44,646.20 | 44,646.20 | 44,575.47 | 70.73 |
| Recycling | | | | |
| Salaries and Wages | 449.50 | 449.50 | | 449.50 |
| Other Expenses | 843.05 | 843.05 | 82.10 | 760.95 |
| Buildings and Grounds: | | | | |
| Salaries and Wages | 4,714.81 | 4,714.81 | | 4,714.81 |
| Other Expenses | 8,546.59 | 8,546.59 | 3,176.96 | 5,369.63 |
| Fleet Management: | | | | |
| Salaries and Wages | 4,809.27 | 4,809.27 | | 4,809.27 |
| Other Expenses | 21,805.18 | 21,805.18 | 12,979.32 | 8,825.86 |
| Municipal Services Act: | | | | |
| Other Expenses | 394,586.82 | 394,586.82 | 318,186.19 | 76,400.63 |
| HEALTH AND HUMAN SERVICES FUNCTIONS: | | | | |
| Environmental Commission: | | | | |
| Other Expenses | 418.75 | 418.75 | | 418.75 |
| Animal Control Services: | | | | |
| Salaries and Wages | 3,448.23 | 3,448.23 | | 3,448.23 |
| Other Expenses | 1,997.23 | 1,997.23 | 895.18 | 1,102.05 |
| PARKS AND RECREATION FUNCTIONS: | | | | |
| Recreation Services and Programs: | | | | |
| Salaries and Wages | 1,843.03 | 1,843.03 | | 1,843.03 |
| Other Expenses | 10,172.76 | 10,172.76 | 368.12 | 9,804.64 |
| Senior Citizens: | | | | |
| Salaries and Wages | 1,188.26 | 1,188.26 | | 1,188.26 |
| Other Expenses | 7,982.39 | 7,982.39 | 4,442.98 | 3,539.41 |
| Maintenance of Parks: | | | | |
| Salaries and Wages | 20,545.50 | 20,545.50 | | 20,545.50 |
| Other Expenses | 5,260.68 | 5,260.68 | | 5,260.68 |

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2019
(Continued)

| | Balance Dec. 31, 2018 | After Modification | Paid or Charged | Balance Lapsed |
|---|--------------------------|------------------------|----------------------|----------------------|
| OTHER COMMON OPERATING FUNCTIONS: | | | | |
| Municipal Court: | | | | |
| Salaries and Wages | \$ 3,307.86 | \$ 3,307.86 | | \$ 3,307.86 |
| Other Expenses | 934.20 | 934.20 | \$ 406.28 | 527.92 |
| Construction Code Official: | | | | |
| Salaries and Wages | 15,939.96 | 5,939.96 | 5,000.00 | 939.96 |
| Other Expenses | 1,449.51 | 1,449.51 | 573.00 | 876.51 |
| UTILITY EXPENSES AND BULK PURCHASES: | | | | |
| Utilities | 66,167.41 | 66,167.41 | 26,488.63 | 39,678.78 |
| STATUTORY EXPENDITURES: | | | | |
| Social Security System (O.A.S.I) | 8,413.36 | 2,913.36 | | 2,913.36 |
| Police and Firemen's Retirement System of NJ | 846.00 | 846.00 | | 846.00 |
| Defined Contribution Retirement System | 6.70 | 6.70 | | 6.70 |
| | <u>\$ 1,313,055.11</u> | <u>\$ 1,313,055.11</u> | <u>\$ 681,291.91</u> | <u>\$ 631,763.20</u> |
| <u>Ref.</u> | | | | |
| <u>Analysis of Balance on December 31, 2018</u> | | | | |
| Unencumbered | A \$ 899,616.87 | | | |
| Encumbered | A 413,438.24 | | | |
| | <u>\$ 1,313,055.11</u> | | | |

TOWNSHIP OF VERNON
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2019

Increased by:

| | |
|----------------------|-------------------------|
| 2019 School Tax Levy | <u>\$ 40,961,144.00</u> |
|----------------------|-------------------------|

Decreased by:

| | |
|-----------------------------------|--------------------------------|
| Payments to Local School District | <u><u>\$ 40,961,144.00</u></u> |
|-----------------------------------|--------------------------------|

TOWNSHIP OF VERNON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

| | Balance Dec. 31, 2018 | Transferred from Budget Appropriations | Expended | Balance Dec. 31, 2019 |
|---|--------------------------|--|-----------|--------------------------|
| Clean Communities Program: | | | | |
| 2016 | \$ 500.00 | | \$ 500.00 | |
| 2017 | 3,972.27 | | 3,854.53 | \$ 117.74 |
| 2018 | 46,515.54 | | 43,527.95 | 2,987.59 |
| 2019 | | \$ 58,176.17 | 10,951.21 | 47,224.96 |
| Drunk Driving Enforcement Fund: | | | | |
| 2016 | 3,374.19 | | 1,705.69 | 1,668.50 |
| 2017 | 6,134.34 | | | 6,134.34 |
| 2019 | | 10,612.00 | | 10,612.00 |
| Body Armor Replacement Grant: | | | | |
| 2016 - State | 1,023.74 | | 1,023.74 | |
| 2017 - State | 2,990.70 | | 2,830.11 | 160.59 |
| 2019 - State | | 3,412.00 | | 3,412.00 |
| 2016 - Federal | 706.57 | | 706.57 | |
| 2017 - Federal | 2,081.41 | | 2,081.41 | |
| 2019 - Federal | | 2,120.00 | 885.50 | 1,234.50 |
| Municipal Alliance on Alcoholism and Drug Abuse: | | | | |
| 2018 | 7,051.05 | | 7,050.08 | 0.97 |
| 2019 | | 20,467.00 | 15,272.62 | 5,194.38 |
| Traffic Barricades Grant | | 6,682.00 | | 6,682.00 |
| Safe and Secure Communities Grant: | | | | |
| 2019 | | 60,000.00 | | 60,000.00 |
| NJ Highlands Water Protection & Planning Council: | | | | |
| Highlands Plan Conformance Grant | 145,736.20 | | 16,327.30 | 129,408.90 |

TOWNSHIP OF VERNON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

| | <u>Balance</u> <u>Dec. 31, 2018</u> | <u>Transferred</u> <u>from Budget</u> <u>Appropriations</u> | <u>Expended</u> | <u>Balance</u> <u>Dec. 31, 2019</u> |
|--|--|---|----------------------|--|
| NJ Division of Highway Traffic Safety: | | | | |
| 2019 Distracted Driver Grant | | \$ 5,500.00 | \$ 5,500.00 | |
| Alcohol Education and Rehabilitation | | | | |
| 2017 | \$ 165.27 | | 165.27 | |
| NJ Department of Environmental Protection: | | | | |
| No Net Loss Grant Reforestation Grant: | | | | |
| 2014 | 316,627.16 | | | \$ 316,627.16 |
| Sustainable Jersey Small Grant 2016 | 50.00 | | | 50.00 |
| | <u>\$ 536,928.44</u> | <u>\$ 166,969.17</u> | <u>\$ 112,381.98</u> | <u>\$ 591,515.63</u> |
| | A | | | A |
| Federal Grants | | | \$ 9,173.48 | |
| State Grants | | | <u>103,208.50</u> | |
| | | | <u>\$ 112,381.98</u> | |

Ref.

TOWNSHIP OF VERNON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
YEAR ENDED DECEMBER 31, 2019

| | Grant Funds Received | Balance Dec. 31, 2019 |
|--|----------------------------|--------------------------|
| NJ Division of Highway Traffic Safety: | | |
| 2020 Distracted Driver Grant | \$ 5,500.00 | \$ 5,500.00 |
| | <u>\$ 5,500.00</u> | <u>\$ 5,500.00</u> |
| <u>Ref.</u> | | A |

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2019
TRUST FUNDS

TOWNSHIP OF VERNON
TRUST FUNDS
SCHEDULE OF CASH AND INVESTMENTS

| | <u>Ref.</u> | <u>Animal Control Fund</u> | <u>Open Space Trust Fund</u> | <u>Other Trust Funds</u> | <u>Assessment Trust Fund</u> |
|-------------------------------------|-------------|--------------------------------|----------------------------------|--------------------------|----------------------------------|
| Balance December 31, 2018 | B | \$ 124,863.20 | \$ 963,553.97 | \$ 2,137,638.00 | \$ 125,059.02 |
| Increased by Receipts: | | | | | |
| Road Assessment Receivable | | | | | \$ 7,683.79 |
| LCPOA Dam Receivable | | | | | |
| Animal Control Collector | | \$ 68,754.40 | | | |
| Shelter Fees | | 6,829.00 | | | |
| Due to State of New Jersey: | | | | | |
| Building Surcharge | | | | \$ 8,572.00 | |
| Reserve for: | | | | | |
| Planning and Zoning Board Escrow | | | | 33,966.26 | |
| Developers' Escrow Deposits Payable | | | | 37,439.33 | |
| Parking Offense Adjudication Act | | | | 48.00 | |
| Fire Prevention Penalties | | | | 4,001.00 | |
| Public Defender | | | | 3,885.00 | |
| Compensated Absences | | | | 60,000.00 | |
| Tax Sale Premium | | | | 1,059,450.59 | |
| Redemption for Outside Liens | | | | 2,035,015.15 | |
| Recreation | | | | 12,706.59 | |
| Police Outside Services | | | | 270,789.54 | |
| Storm Recovery | | | | 30,000.00 | |
| Unemployment Compensation Insurance | | | | 19,703.43 | |
| Senior Citizens Center | | | | 8,634.25 | |
| Council on Affordable Housing | | | | 56,785.22 | |
| Developers' Bonds | | | | 8,960.60 | |
| Pleasant Valley Dam Rehabilitation | | | | 0.06 | |
| Barry Lakes Dam #1 | | | | 85.63 | |
| Barry Lakes Dam #2 | | | | 82.36 | |
| Animal Control Donations | | | | 5,447.00 | |
| Open Space Trust | | | \$ 14,278.55 | | |
| Flexible Spending Trust | | | | 17,308.63 | |
| Net Payroll and Payroll Deductions | | | | 5,298,487.83 | |
| | | <u>75,583.40</u> | <u>14,278.55</u> | <u>8,971,368.47</u> | <u>7,683.79</u> |
| | | 200,446.60 | 977,832.52 | 11,109,006.47 | 132,742.81 |

TOWNSHIP OF VERNON
TRUST FUNDS
SCHEDULE OF CASH AND INVESTMENTS
(Continued)

| <u>Ref.</u> | <u>Pleasant Valley Lake Dam Trust Fund</u> | <u>LCPOA Dam #1 Trust Fund</u> | <u>LCPOA Dam #2 Trust Fund</u> |
|-------------------------------------|--|------------------------------------|------------------------------------|
| Balance December 31, 2018 | B \$ 0.10 | \$ 149,722.12 | \$ 133,375.41 |
| Increased by Receipts: | | | |
| Road Assessment Receivable | | | |
| LCPOA Dam Receivable | | \$ 32,518.76 | \$ 87,456.00 |
| Animal Control Collector | | | |
| Shelter Fees | | | |
| Due to State of New Jersey: | | | |
| Building Surcharge | | | |
| Reserve for: | | | |
| Planning and Zoning Board Escrow | | | |
| Developers' Escrow Deposits Payable | | | |
| Parking Offense Adjudication Act | | | |
| Fire Prevention Penalties | | | |
| Public Defender | | | |
| Compensated Absences | | | |
| Tax Sale Premium | | | |
| Redemption for Outside Liens | | | |
| Recreation | | | |
| Police Outside Services | | | |
| Storm Recovery | | | |
| Unemployment Compensation Insurance | | | |
| Senior Citizens Center | | | |
| Council on Affordable Housing | | | |
| Developers' Bonds | | | |
| Pleasant Valley Dam Rehabilitation | | | |
| Barry Lakes Dam #1 | | | |
| Barry Lakes Dam #2 | | | |
| Animal Control Donations | | | |
| Open Space Trust | | | |
| Flexible Spending Trust | | | |
| Net Payroll and Payroll Deductions | | | |
| | | 32,518.76 | 87,456.00 |
| | 0.10 | 182,240.88 | 220,831.41 |

TOWNSHIP OF VERNON
TRUST FUNDS
SCHEDULE OF CASH AND INVESTMENTS
(Continued)

| <u>Ref.</u> | <u>Animal Control Fund</u> | <u>Open Space Trust Fund</u> | <u>Other Trust Funds</u> | <u>Assessment Trust Fund</u> |
|--|--------------------------------|----------------------------------|-------------------------------|----------------------------------|
| Decreased by Disbursements: | | | | |
| Assessment Serial Bonds Payable | | | | \$ 33,150.00 |
| Due to Pleasant Valley Lake Homeowners Association: | | | | |
| Settlement of Prior Year Interfund | | | | |
| Due to Lake Community Property Association: | | | | |
| NJ DEP Loan Payable | | | | |
| Accrued Interest | | | | |
| Administrative Expenses | \$ 88,878.00 | | | |
| Due to State of New Jersey: | | | | |
| Building Surcharge | | | \$ 10,595.00 | |
| Reserve for: | | | | |
| Planning and Zoning Board Escrow | | | 23,317.98 | |
| Developers' Escrow Deposits Payable | | | 16,147.18 | |
| Fire Prevention Penalties | | | 4,326.70 | |
| Public Defender | | | 9,050.00 | |
| Tax Sale Premium | | | 258,050.59 | |
| Redemption for Outside Liens | | | 2,035,015.15 | |
| Unemployment Compensation Insurance | | | 8,044.63 | |
| Compensated Absences | | | 108,232.69 | |
| Senior Citizens Center | | | 6,634.70 | |
| Recreation | | | 104,907.33 | |
| Police Outside Services | | | 240,627.28 | |
| Storm Recovery | | | 72,933.12 | |
| Animal Control Donations | | | 17,593.00 | |
| Pleasant Valley Dam Rehabilitation | | | 10.51 | |
| Developers' Bonds | | | 1,198.30 | |
| Open Space Trust | | \$ 98,754.89 | | |
| Flexible Spending Trust | | | 16,719.66 | |
| Net Payroll and Payroll Deductions | | | 5,301,708.81 | |
| | <u>\$ 88,878.00</u> | <u>\$ 98,754.89</u> | <u>\$ 8,235,112.63</u> | <u>\$ 33,150.00</u> |
| Balance December 31, 2019 | <u><u>\$ 111,568.60</u></u> | <u><u>\$ 879,077.63</u></u> | <u><u>\$ 2,873,893.84</u></u> | <u><u>\$ 99,592.81</u></u> |

TOWNSHIP OF VERNON
TRUST FUNDS
SCHEDULE OF CASH AND INVESTMENTS
(Continued)

| <u>Ref.</u> | <u>Pleasant Valley Lake Dam Trust Fund</u> | <u>LCPOA Dam #1 Trust Fund</u> | <u>LCPOA Dam #2 Trust Fund</u> |
|---|--|------------------------------------|------------------------------------|
| Decreased by Disbursements: | | | |
| Assessment Serial Bonds Payable | | | |
| Due to Pleasant Valley Lake Homeowners Association: | | | |
| Settlement of Prior Year Interfund | \$ 0.10 | | |
| Due to Lake Community Property Association: | | | |
| NJ DEP Loan Payable | | \$ 15,466.59 | \$ 17,150.26 |
| Accrued Interest | | 4,867.61 | 7,265.72 |
| Administrative Expenses | | | |
| Due to State of New Jersey: | | | |
| Building Surcharge | | | |
| Reserve for: | | | |
| Planning and Zoning Board Escrow | | | |
| Developers' Escrow Deposits Payable | | | |
| Fire Prevention Penalties | | | |
| Public Defender | | | |
| Tax Sale Premium | | | |
| Redemption for Outside Liens | | | |
| Unemployment Compensation Insurance | | | |
| Compensated Absences | | | |
| Senior Citizens Center | | | |
| Recreation | | | |
| Police Outside Services | | | |
| Storm Recovery | | | |
| Animal Control Donations | | | |
| Pleasant Valley Dam Rehabilitation | | | |
| Developers' Bonds | | | |
| Open Space Trust | | | |
| Flexible Spending Trust | | | |
| Net Payroll and Payroll Deductions | | | |
| | <u>\$ 0.10</u> | <u>\$ 20,334.20</u> | <u>\$ 24,415.98</u> |
| Balance December 31, 2019 | B <u>\$ -0-</u> | <u>\$ 161,906.68</u> | <u>\$ 196,415.43</u> |

TOWNSHIP OF VERNON
ANIMAL CONTROL TRUST FUND
SCHEDULE OF ANIMAL CONTROL FUND CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2019

Increased by Receipts:

| | | | |
|------------------------|----|-----------|-----------|
| Municipal License Fees | \$ | 60,024.40 | |
| State License Fees | | 7,419.60 | |
| Dog License Late Fees | | 8,695.00 | |
| Kennel License Fees | | 35.00 | |
| | | <hr/> | |
| | \$ | | 76,174.00 |

Decreased by Disbursements:

| | | | |
|---------------------------------|----|-----------|------------------|
| Treasurer - Animal Control Fund | | 68,754.40 | |
| State of New Jersey | | 7,419.60 | |
| | | <hr/> | |
| | \$ | | <u>76,174.00</u> |

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
ANALYSIS OF CASH

| | Balance Dec. 31, 2017 | Receipts Assessments | Disbursements Assessment Serial Bonds | Balance Dec. 31, 2018 |
|--|--------------------------|-------------------------|---|--------------------------|
| Fund Balance | \$ 28,839.58 | \$ 6,577.12 | | \$ 35,416.70 |
| Assessment Serial Bonds: | | | | |
| <u>Ord #</u> | | | | |
| 03-21 Woodland Hills Drive, Red Oak Court Babtown Road Improvements | 89,126.80 | | \$ 33,150.00 | 55,976.80 |
| 03-22 Silverdale Lane Road Improvement | 7,092.64 | 1,106.67 | | 8,199.31 |
| | <u>\$ 125,059.02</u> | <u>\$ 7,683.79</u> | <u>\$ 33,150.00</u> | <u>\$ 99,592.81</u> |
| Ref. | B | | | B |

TOWNSHIP OF VERNON
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

| | <u>Ref.</u> | |
|--------------------------------------|-------------|----------------------------|
| Balance December 31, 2018 | B | \$ 124,863.20 |
| Increased by: | | |
| Dog Fees Collected Due to Treasurer: | | |
| Dog License Fees | | \$ 60,024.40 |
| Late Fees | | 8,695.00 |
| Shelter Fees | | 6,829.00 |
| Kennel License Fees | | 35.00 |
| | | <hr/> 75,583.40 |
| | | <hr/> 200,446.60 |
| Decreased by: | | |
| Animal Control Expenditures | | <hr/> 88,878.00 |
| Balance December 31, 2019 | B | <hr/> <u>\$ 111,568.60</u> |

License Fees Collected

| <u>Year</u> | <u>Amount</u> |
|---------------------------|----------------------------|
| 2017 | \$ 69,577.20 |
| 2018 | 69,708.80 |
| | <hr/> |
| Maximum Allowable Reserve | <hr/> <u>\$ 139,286.00</u> |

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

| Improvement Description | Date of Confirmation | Balance Dec. 31, 2018 | Collections | Balance Dec. 31, 2019 | Balance Pledged to | |
|---|----------------------|--------------------------|--------------------|--------------------------|---------------------|---------------------|
| | | | | | Assessment Bonds | Reserve |
| Silverdale Lane Road Improvement | 10/02/06 | \$ 1,475.58 | \$ 1,106.67 | \$ 368.91 | \$ 368.89 | \$ 0.02 |
| Woodland Hills Drive, Red Oak Court, Babtown Road Improvements | 10/02/06 | 17,918.58 | 6,577.12 | 11,341.46 | | 11,341.46 |
| | | <u>\$ 19,394.16</u> | <u>\$ 7,683.79</u> | <u>\$ 11,710.37</u> | <u>\$ 368.89</u> | <u>\$ 11,341.48</u> |
| | <u>Ref.</u> | B | | B | | |

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
SCHEDULE OF SERIAL BONDS PAYABLE

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds | | Interest Rate | Balance Dec. 31, 2018 | Matured | Balance Dec. 31, 2019 |
|-------------------------|------------------|--------------------------------|---------------------|-------------------------|------------------|--------------------------|---------------------|--------------------------|
| | | | Outstanding Date | Dec. 31, 2019 Amount | | | | |
| Refunding Bonds of 2014 | 10/07/14 | \$ 199,875.00 | 01/01/20 | \$ 33,150.00 | 4.00% | | | |
| | | | 01/01/21 | 31,395.00 | 4.00% | \$ 97,695.00 | \$ 33,150.00 | \$ 64,545.00 |
| | | | | | | <u>\$ 97,695.00</u> | <u>\$ 33,150.00</u> | <u>\$ 64,545.00</u> |
| | | | | | <u>Ref.</u> | B | | B |

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENT LIENS

| <u>Improvement Description</u> | <u>Date of Ordinance</u> | <u>Balance Dec. 31, 2018</u> | <u>Balance Dec. 31, 2019</u> | <u>Balance Pledged to Reserve</u> |
|--|------------------------------|----------------------------------|----------------------------------|---|
| Improvement to Various Streets - Lake Wanda | 10/01/75 | <u>\$ 352.40</u> | <u>\$ 352.40</u> | <u>\$ 352.40</u> |
| | <u>Ref.</u> | B | B | |

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENT LIENS - INTEREST AND COSTS

| | <u>Ref.</u> | |
|------------------------------|-------------|-----------------|
| Balance at December 31, 2018 | B | \$ 56.31 |
| Balance at December 31, 2019 | B | <u>\$ 56.31</u> |

TOWNSHIP OF VERNON
ASSESSMENT TRUST FUND
SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

| Improvement Description | Balance Dec. 31, 2018 | Collections to Fund Balance | Balance Dec. 31, 2019 |
|--|--------------------------|-----------------------------------|--------------------------|
| <u>Assessment Receivable:</u> | | | |
| Silverdale Lane Road Improvement | \$ 0.02 | | \$ 0.02 |
| Woodland Hills Drive, Red Oak Court, Babtown Road Improvements | 17,918.58 | \$ 6,577.12 | 11,341.46 |
| | <u>17,918.60</u> | <u>6,577.12</u> | <u>11,341.48</u> |
| <u>Assessment Liens:</u> | | | |
| Improvement to Various Streets - Lake Wanda | 352.40 | | 352.40 |
| | <u>\$ 18,271.00</u> | <u>\$ 6,577.12</u> | <u>\$ 11,693.88</u> |
| Ref. | B | | B |

TOWNSHIP OF VERNON
COUNTY OF SUSSEX
2019
GENERAL CAPITAL FUND

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
SCHEDULE OF CASH - REGULATORY BASIS

| | <u>Ref.</u> | |
|--|---------------|-----------------|
| Balance December 31, 2018 | C | \$ 2,154,092.73 |
| Increased by: | | |
| Capital Improvement Fund: | | |
| 2019 Budget Appropriation | \$ 440,000.00 | |
| Capital Fund Balance: | | |
| Premium on Bond Anticipation Notes | 86,458.56 | |
| Bond Anticipation Notes Issued | 17,441,723.00 | |
| Grant Receivable: | | |
| NJ Department of Transportation: | | |
| Waywayanda Road | 58,750.00 | |
| Lake Pochung | 167,250.00 | |
| | <hr/> | <hr/> |
| | | 18,194,181.56 |
| | | <hr/> |
| | | 20,348,274.29 |
| Decreased by: | | |
| Bond Anticipation Notes Redeemed | 15,192,196.00 | |
| Improvement Authorization Expenditures | 3,014,324.96 | |
| Reserve for Preliminary Expenses | 15,553.87 | |
| | <hr/> | <hr/> |
| | | 18,222,074.83 |
| | | <hr/> |
| Balance December 31, 2019 | C | \$ 2,126,199.46 |
| | | <hr/> <hr/> |

| | | Receipts | | Disbursements | | | | | Balance |
|-------------------------------------|---|----------------------|------------------------|------------------------|------------------------------|------------------|-----------------|----------------------|-----------------|
| | | Balance (Deficit) | Bond Anticipation | Bond Anticipation | Improvement Authorization | Transfers | | Balance (Deficit) | |
| | | Dec. 31, 2018 | Miscellaneous Notes | Miscellaneous Notes | Expenditures | From | To | Dec. 31, 2019 | |
| Fund Balance | | \$ 111,408.42 | \$ 86,458.56 | | | \$ 55,000.00 | \$ 133,000.00 | \$ 275,866.98 | |
| State and Federal Grants Receivable | | (58,750.00) | 226,000.00 | | | 223,000.00 | | (55,750.00) | |
| Capital Improvement Fund | | 198,956.68 | 440,000.00 | | | 562,441.00 | | 76,515.68 | |
| Reserve for Preliminary Expenses | | | | \$ 15,553.87 | | | 25,000.00 | 9,446.13 | |
| Reserve for Sewer Lift Station | | | | | | | 150,000.00 | 150,000.00 | |
| Reserve for Payment of Debt Service | | 1,069.00 | | | | | | 1,069.00 | |
| Ord. No. | Improvement Description | | | | | | | | |
| 11-07 | Various Capital Improvements | | \$ 715,128.00 | | \$ 715,128.00 | | | | |
| 11-08 | Various Emergency Services Purposes | | 581,272.00 | | 581,272.00 | | | | |
| 11-22 | Acquisition of Sanitary Sewerage Collection and Transmission Facilities | | 3,566,000.00 | | 3,566,000.00 | | | | |
| 11-23 | Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority | 133,000.00 | 2,275,996.00 | | 2,275,996.00 | 133,000.00 | | | |
| 14-07 | Purchase and Repairs of Equipment | 136.51 | | | | | | 136.51 | |
| 14-12; 15-17 | Various Capital Improvements | 4,628.36 | 1,730,000.00 | | 1,730,000.00 | \$ 4,251.29 | | 377.07 | |
| 15-13 | Purchase and Repairs of Equipment | 1,420.81 | | | | | | 1,420.81 | |
| 15-16 | Various Capital Improvements | 1,760.34 | 1,152,225.00 | | 1,152,225.00 | | | 1,760.34 | |
| 16-10 | Purchase of Various Equipment | 2,491.65 | | | | | | 2,491.65 | |
| 16-15; 19-22 | Various Capital Improvements | 147,790.23 | 1,239,975.00 | | 1,239,975.00 | 45,018.54 | | 102,771.69 | |
| 16-18 | Acquisition of Vehicular Equipment | | 76,100.00 | | 76,100.00 | | | | |
| 17-09; | | | | | | | | | |
| 18-07; 19-22 | Various Capital Improvements | 676,448.87 | 3,148,000.00 | | 2,448,000.00 | 1,253,211.48 | | 123,237.39 | |
| 18-13 | Purchase of Various Equipment | 3,689.42 | | | | | | 3,689.42 | |
| 18-16 | Improvement of the Sanitary Sewerage System | (1,613.38) | | | | | | (1,613.38) | |
| 18-17 | Various Capital Improvements | 931,655.82 | 1,407,500.00 | | 1,407,500.00 | 742,110.32 | | 189,545.50 | |
| 19-09 | Traffic Messaging Trailer | | | | | 17,896.00 | 18,500.00 | 604.00 | |
| 19-11 | Various Capital Improvements | | | | | 30,949.24 | 150,000.00 | 111,850.76 | |
| 19-14 | Veteran's Memorial Park Improvements | | | | | 6,231.65 | 15,000.00 | 8,768.35 | |
| 19-15 | Installation of Turf Fields at Maple Grange Park | | 692,750.00 | | | 743,592.28 | 180,000.00 | 129,157.72 | |
| 19-16 | Various Capital Improvements | | 856,777.00 | | | 171,064.16 | 309,141.00 | 994,853.84 | |
| | | \$ 2,154,092.73 | \$ 752,458.56 | \$ 17,441,723.00 | \$ 15,553.87 | \$ 15,192,196.00 | \$ 3,014,324.96 | \$ 1,123,441.00 | \$ 2,126,199.46 |

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| Ord. No. | Improvement Description | Balance Dec. 31, 2018 | 2019 Authorizations | Notes | Improvement Authorizations Canceled | Balance Dec. 31, 2019 | Analysis of Balance December 31, 2019 | | |
|-----------------------|---|--------------------------|------------------------|------------------------------------|---|--------------------------|---------------------------------------|--------------|---|
| | | | | Paid by Budget Appropriation | | | Bond Anticipation Notes | Expenditures | Unexpended Improvement Authorizations |
| General Improvements: | | | | | | | | | |
| 11-07 | Various Capital Improvements | \$ 921,000.00 | | \$ 205,872.00 | | \$ 715,128.00 | \$ 715,128.00 | | |
| 11-08 | Various Emergency Services Purposes | 772,000.00 | | 190,728.00 | | 581,272.00 | 581,272.00 | | |
| 11-22 | Acquisition of Sanitary Sewerage Collection and Transmission Facilities | 3,615,000.00 | | 49,000.00 | | 3,566,000.00 | 3,566,000.00 | | |
| 11-23 | Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority | 2,609,360.00 | | 125,088.00 | \$ 208,276.00 | 2,275,996.00 | 2,275,996.00 | | |
| 14-12; | | | | | | | | | |
| 15-17 | Various Capital Improvements | 1,830,000.00 | | 100,000.00 | | 1,730,000.00 | 1,730,000.00 | | |
| 15-16 | Various Capital Improvements | 1,208,625.00 | | 56,400.00 | | 1,152,225.00 | 1,152,225.00 | | |
| 16-15 | Various Capital Improvements | 1,307,000.00 | | 66,700.00 | | 1,240,300.00 | 1,239,975.00 | | \$ 325.00 |
| 16-18 | Acquisition of Vehicular Equipment | 85,700.00 | | 9,600.00 | | 76,100.00 | 76,100.00 | | |
| 17-09; | | | | | | | | | |
| 18-07 | Various Capital Improvements | 3,148,000.00 | | | | 3,148,000.00 | 3,148,000.00 | | |
| 18-16 | Improvement of the Sanitary Sewerage System | 140,000.00 | | | | 140,000.00 | | \$ 1,613.38 | 138,386.62 |
| 18-17 | Various Capital Improvements | 1,407,500.00 | | | | 1,407,500.00 | 1,407,500.00 | | |
| 19-15 | Installation of Turf Fields at Maple Grange Park | | \$ 692,750.00 | | | 692,750.00 | 692,750.00 | | |
| 19-16 | Various Capital Improvements | | 856,777.00 | | | 856,777.00 | 856,777.00 | | |
| | | \$ 17,044,185.00 | \$ 1,549,527.00 | \$ 803,388.00 | \$ 208,276.00 | \$ 17,582,048.00 | \$ 17,441,723.00 | \$ 1,613.38 | \$ 138,711.62 |
| | Ref. | C | | | | C | | | |

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations - Unfunded

\$ 1,542,338.33

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

| | |
|---------------------|----------------------|
| Ord. #14-12; 15-17 | \$ 377.07 |
| Ord. #15-16 | 1,760.34 |
| Ord. #16-15 | 102,771.69 |
| Ord. #17-09; #18-07 | 123,237.39 |
| Ord. #18-17 | 189,545.50 |
| Ord. #19-15 | 129,157.72 |
| Ord. #19-16 | 856,777.00 |
| | <u>1,403,626.71</u> |
| | <u>\$ 138,711.62</u> |

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord. No. | Improvement Description | Ordinance | | December 31, 2018 | | 2019 Authorizations | | Paid or Charged | Improvement Authorizations Canceled | December 31, 2019 | |
|-----------------------|---|---------------------|-----------------|--------------------|------------------------|--|---------------------------------------|--------------------------------|---|----------------------|------------------------|
| | | Date | Amount | Funded | Unfunded | Deferred Charges to Future Taxation - Unfunded | Other Sources | | | Funded | Unfunded |
| General Improvements: | | | | | | | | | | | |
| 11-23 | Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority | 11/18/11 | \$ 2,800,000.00 | | \$ 341,276.00 | | | | \$ 341,276.00 | | |
| 14-07 | Purchase and Repairs of Equipment | 06/09/14 | 240,000.00 | \$ 136.51 | | | | | | \$ 136.51 | |
| 14-12; | | 06/23/14; | | | | | | | | | |
| 15-17 | Various Capital Improvements | 05/28/15 | 2,350,000.00 | | 4,628.36 | | | \$ 4,251.29 | | | \$ 377.07 |
| 15-13 | Purchase and Repairs of Equipment | 05/11/15 | 80,000.00 | 1,420.81 | | | | | | 1,420.81 | |
| 15-16 | Various Capital Improvements | 05/28/15 | 1,534,557.00 | | 1,760.34 | | | | | | 1,760.34 |
| 16-10 | Purchase of Various Equipment | 05/23/16 | 30,000.00 | 2,491.65 | | | | | | 2,491.65 | |
| 16-15; 19-22 | Various Capital Improvements | 6/13/2016; 10/28/19 | 1,614,500.00 | | 148,115.23 | | | 45,018.54 | | | 103,096.69 |
| 17-09; | | 06/26/17; | | | | | | | | | |
| 18-07; 19-22 | Various Capital Improvements | 2/15/2018; 10/28/19 | 3,846,500.00 | | 1,376,448.87 | | | 1,253,211.48 | | | 123,237.39 |
| 18-13 | Purchase of Various Equipment | 04/09/18 | 15,750.00 | 3,689.42 | | | | | | 3,689.42 | |
| 18-16 | Improvement of the Sanitary Sewerage System | 04/23/18 | 140,000.00 | | 138,386.62 | | | | | | 138,386.62 |
| 18-17 | Various Capital Improvements | 04/23/18 | 1,748,870.00 | | 931,655.82 | | | 742,110.32 | | | 189,545.50 |
| 19-09 | Traffic Messaging Trailer | 04/02/19 | 18,500.00 | | | | \$ 18,500.00 | 17,896.00 | | 604.00 | |
| 19-11 | Various Capital Improvements | 06/24/19 | 292,800.00 | | | | 292,800.00 | 180,949.24 | | 111,850.76 | |
| 19-14 | Veteran's Memorial Park Improvements | 07/08/19 | 15,000.00 | | | | 15,000.00 | 6,231.65 | | 8,768.35 | |
| 19-15 | Installation of Turf Fields at Maple Grange Park | 07/22/19 | 872,750.00 | | | \$ 692,750.00 | 180,000.00 | 743,592.28 | | | 129,157.72 |
| 19-16 | Various Capital Improvements | 07/22/19 | 1,165,918.00 | | | 856,777.00 | 309,141.00 | 171,064.16 | | 138,076.84 | 856,777.00 |
| | | | | <u>\$ 7,738.39</u> | <u>\$ 2,942,271.24</u> | <u>\$ 1,549,527.00</u> | <u>\$ 815,441.00</u> | <u>\$3,164,324.96</u> | <u>\$ 341,276.00</u> | <u>\$267,038.34</u> | <u>\$ 1,542,338.33</u> |
| <u>Ref.</u> | | | | C | C | | | | | C | C |
| | | | | | | | Capital Improvement Fund | \$ 537,441.00 | | | |
| | | | | | | | Capital Fund Balance | 223,000.00 | \$ 133,000.00 | Capital Fund Balance | |
| | | | | | | | NJ Department of Transportation Grant | 55,000.00 | 208,276.00 | DCTFT - Unfunded | |
| | | | | | | | <u>\$ 815,441.00</u> | | <u>\$ 341,276.00</u> | | |
| | | | | | | | | Cash Disbursed | \$3,014,324.96 | | |
| | | | | | | | | Reserve for Sewer Lift Station | 150,000.00 | | |
| | | | | | | | | <u>\$3,164,324.96</u> | | | |

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|-------------------------------------|-------------------|----------------------------|
| Balance December 31, 2018 | C | \$ 198,956.68 |
| Increased by: | | |
| 2019 Budget Appropriation | | <u>440,000.00</u> |
| | | 638,956.68 |
| Decreased by: | | |
| Reserve for Preliminary Expenses | \$ 25,000.00 | |
| Appropriated to Finance Improvement | | |
| Authorizations | <u>537,441.00</u> | <u>562,441.00</u> |
| Balance December 31, 2019 | C | <u><u>\$ 76,515.68</u></u> |

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ord. No. | Improvement Description | Date of | | | Interest Rate | Balance Dec. 31, 2018 | Issued | Matured | Balance Dec. 31, 2019 |
|-------------|--|--|--|--|--|--|--|--|--------------------------|
| | | Issue of Original Note | Issue | Maturity | | | | | |
| 11-07 | Various Capital Improvements | 05/24/11 | 03/22/18 03/21/19 | 03/22/19 03/20/20 | 2.50% 2.50% | \$ 921,000.00 | \$ 715,128.00 | \$ 921,000.00 | \$ 715,128.00 |
| 11-08 | Various Emergency Services Purposes | 05/24/11 | 03/22/18 03/21/19 | 03/22/19 03/20/20 | 2.50% 2.50% | 772,000.00 | 581,272.00 | 772,000.00 | 581,272.00 |
| 11-22 | Acquisition of Sanitary Sewerage Collection and Transmission Facilities | 03/29/12 | 03/22/18 03/21/19 | 03/22/19 03/20/20 | 2.50% 2.50% | 3,615,000.00 | 3,566,000.00 | 3,615,000.00 | 3,566,000.00 |
| 11-23 | Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority | 11/02/12 10/31/13 10/30/14 10/29/15 10/27/16 11/02/12 10/31/13 10/30/14 10/29/15 10/27/16 | 10/25/18 10/25/18 10/25/18 10/25/18 10/25/18 10/24/19 10/24/19 10/24/19 10/24/19 10/24/19 | 10/25/19 10/25/19 10/25/19 10/25/19 10/25/19 10/23/20 10/23/20 10/23/20 10/23/20 10/23/20 | 3.3750% 3.3750% 3.3750% 3.3750% 3.3750% 2.09% 2.09% 2.09% 2.09% 2.09% | 474,680.00 384,808.00 389,872.00 444,000.00 707,724.00 374,680.00 379,744.00 384,808.00 438,000.00 698,764.00 | 474,680.00 384,808.00 389,872.00 444,000.00 707,724.00 374,680.00 379,744.00 384,808.00 438,000.00 698,764.00 | 374,680.00 379,744.00 384,808.00 438,000.00 698,764.00 | |
| 14-12 | Various Capital Improvements | 08/07/14 | 03/22/18 03/21/19 | 03/22/19 03/20/20 | 2.50% 2.50% | 1,830,000.00 | 1,730,000.00 | 1,830,000.00 | 1,730,000.00 |
| 15-16 | Various Capital Improvements | 09/17/15 | 09/13/18 09/12/19 | 09/13/19 09/04/20 | 3.00% 2.00% | 1,208,625.00 | 1,152,225.00 | 1,208,625.00 | 1,152,225.00 |
| 16-15 | Various Capital Improvements | 09/16/16 | 09/13/18 09/12/19 | 09/13/19 09/04/20 | 3.00% 2.00% | 1,306,675.00 | 1,239,975.00 | 1,306,675.00 | 1,239,975.00 |
| 16-18 | Acquisition of Vehicular Equipment | 09/16/16 | 09/13/18 09/12/19 | 09/13/19 09/04/20 | 3.00% 2.00% | 85,700.00 | 76,100.00 | 85,700.00 | 76,100.00 |

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ord. No. | Improvement Description | Date of | | | Interest Rate | Balance Dec. 31, 2018 | Issued | Matured | Balance Dec. 31, 2019 |
|-------------|---|------------------------------|----------|----------|------------------|------------------------------|-------------------------|-------------------------|--------------------------|
| | | Issue of Original Note | Issue | Maturity | | | | | |
| 17-09 | Various Capital Improvements | 09/14/17 | 09/13/18 | 09/13/19 | 3.00% | \$ 2,048,000.00 | | \$ 2,048,000.00 | |
| | | | 09/12/19 | 09/04/20 | 2.00% | | \$ 2,048,000.00 | | \$ 2,048,000.00 |
| | | 03/22/18 | 03/22/18 | 03/22/19 | 2.50% | 400,000.00 | | 400,000.00 | |
| | | | 03/21/19 | 03/20/20 | 2.50% | | 400,000.00 | | 400,000.00 |
| | | 09/12/19 | 09/12/19 | 09/04/20 | 2.00% | | 500,000.00 | | 500,000.00 |
| 18-17 | Various Capital Improvements | 09/12/19 | 09/12/19 | 09/04/20 | 2.00% | | 200,000.00 | | 200,000.00 |
| | | 06/22/18 | 06/22/18 | 06/21/19 | 2.14% | 1,407,500.00 | | 1,407,500.00 | |
| | | | 06/20/19 | 06/12/20 | 2.00% | | 1,407,500.00 | | 1,407,500.00 |
| 19-15 | Installation of Turf Fields at Maple Grange Park | 09/12/19 | 09/12/19 | 09/04/20 | 2.00% | | 692,750.00 | | 692,750.00 |
| 19-16 | Various Capital Improvements | 09/12/19 | 09/12/19 | 09/04/20 | 2.00% | | 856,777.00 | | 856,777.00 |
| | | | | | | <u>\$ 15,995,584.00</u> | <u>\$ 17,441,723.00</u> | <u>\$ 15,995,584.00</u> | <u>\$ 17,441,723.00</u> |
| | | | | | | Ref. C | | | C |
| | | | | | | New Issues | \$ 2,249,527.00 | | |
| | | | | | | Renewals | 15,192,196.00 | \$ 15,192,196.00 | |
| | | | | | | Paid by Budget Appropriation | | 803,388.00 | |
| | | | | | | | <u>\$ 17,441,723.00</u> | <u>\$ 15,995,584.00</u> | |

TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds | | Interest Rate | Balance Dec. 31, 2016 | Matured | Balance Dec. 31, 2017 |
|---|---------------|--------------------------|---------------------|----------------------|---------------|-------------------------|------------------------|-------------------------|
| | | | Outstanding Date | Dec. 31, 2019 Amount | | | | |
| General Bonds of 2011 | 01/06/11 | \$ 13,395,000.00 | 01/01/20 | \$ 935,000.00 | 3.500% | | | |
| | | | 01/01/21 | 980,000.00 | 3.750% | | | |
| | | | 01/01/22 | 1,020,000.00 | 4.000% | | | |
| | | | 01/01/23 | 1,065,000.00 | 4.125% | | | |
| | | | 01/01/24 | 1,105,000.00 | 4.280% | | | |
| | | | 01/01/25 | 1,150,000.00 | 4.450% | | | |
| | | | 01/01/26 | 1,190,000.00 | 4.570% | \$ 8,335,000.00 | \$ 890,000.00 | \$ 7,445,000.00 |
| Improvement to Sanitary Sewerage System | 01/01/08 | 2,850,000.00 | 1/1/20-23 | 100,000.00 | 4.375% | | | |
| | | | 1/1/24-28 | 200,000.00 | 4.375% | | | |
| | | | 1/1/29-33 | 200,000.00 | 4.400% | 2,500,000.00 | 100,000.00 | 2,400,000.00 |
| Refunding Bonds of 2014 | 10/07/14 | 5,125,000.00 | 01/01/20 | 816,850.00 | 4.000% | | | |
| | | | 01/01/21 | 773,605.00 | 4.000% | 2,407,305.00 | 816,850.00 | 1,590,455.00 |
| | | | | | | <u>\$ 13,242,305.00</u> | <u>\$ 1,806,850.00</u> | <u>\$ 11,435,455.00</u> |

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TOWNSHIP OF VERNON
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| Ord. No. | Improvement Description | Balance Dec. 31, 2018 | 2019 Authorizations | Notes Paid by Budget Appropriation | Bond Anticipation Notes Matured | Bond Anticipation Notes Issued | Improvement Authorizations Canceled | Balance Dec. 31, 2019 |
|--------------|---|--------------------------|------------------------|---|--|---|---|--------------------------|
| 11-07 | Various Capital Improvements | | | \$ 205,872.00 | \$ 921,000.00 | \$ 715,128.00 | | |
| 11-08 | Various Emergency Services Purposes | | | 190,728.00 | 772,000.00 | 581,272.00 | | |
| 11-22 | Acquisition of Sanitary Sewerage Collection and Transmission Facilities | | | 49,000.00 | 3,615,000.00 | 3,566,000.00 | | |
| 11-23 | Restructuring of a Portion of the Cost of Acquisition of Capacity at the Sanitary Sewage Treatment Plant of the Sussex County Municipal Utilities Authority | \$ 208,276.00 | | 125,088.00 | 2,401,084.00 | 2,275,996.00 | \$ 208,276.00 | |
| 14-12 | Various Capital Improvements | | | 100,000.00 | 1,830,000.00 | 1,730,000.00 | | |
| 15-16 | Various Capital Improvements | | | 56,400.00 | 1,208,625.00 | 1,152,225.00 | | |
| 16-15 | Various Capital Improvements | 325.00 | | 66,700.00 | 1,306,675.00 | 1,239,975.00 | | \$ 325.00 |
| 16-18 | Acquisition of Vehicular Equipment | | | 9,600.00 | 85,700.00 | 76,100.00 | | |
| 17-09; 18-07 | Various Capital Improvements | 700,000.00 | | | 2,448,000.00 | 3,148,000.00 | | |
| 18-16 | Improvement of the Sanitary Sewerage System | 140,000.00 | | | | | | 140,000.00 |
| 18-17 | Various Capital Improvements | | | | 1,407,500.00 | 1,407,500.00 | | |
| 19-15 | Installation of Turf Fields at Maple Grange Park | | \$ 692,750.00 | | | 692,750.00 | | |
| 19-16 | Various Capital Improvements | | 856,777.00 | | | 856,777.00 | | |
| | | <u>\$ 1,048,601.00</u> | <u>\$ 1,549,527.00</u> | <u>\$ 803,388.00</u> | <u>\$ 15,995,584.00</u> | <u>\$ 17,441,723.00</u> | <u>\$ 208,276.00</u> | <u>\$ 140,325.00</u> |

TOWNSHIP OF VERNON

PART II – SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2019

TOWNSHIP OF VERNON
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

| Name of Federal Agency or Department | C.F.D.A. Account No. | Name of Program | State Account No. | Grant Award Amount | Grant Period | | Current Year Receipts | Current Year Expenditures | Cumulative Expenditures | Provided to Subrecipients |
|--|----------------------|--|-------------------|--------------------|--------------|----------|-----------------------|---------------------------|-------------------------|---------------------------|
| | | | | | From | To | | | | |
| <u>U.S. Department of Justice</u> | | | | | | | | | | |
| | 16.607 | Bulletproof Vest Partnership Grant: | | | | | | | | |
| | | 2016 | N/A | \$ 4,098.60 | 01/01/16 | 12/31/19 | | \$ 706.57 | \$ 4,098.60 | |
| | | 2017 | N/A | 2,081.41 | 01/01/17 | 12/31/19 | | 2,081.41 | 2,081.41 | |
| | | 2019 | N/A | 2,120.00 | 01/01/19 | 12/31/20 | | 885.50 | 885.50 | |
| Total Department of Justice | | | | 8,300.01 | | | | 3,673.48 | 7,065.51 | |
| <u>U.S. Department of Transportation</u> | | | | | | | | | | |
| (Passed thru N.J. Department of Law and Public Safety) | 20.616 | National Priority Safety Programs: | | | | | | | | |
| | | 2019 Distracted Driver | 100-066-1160- | 5,500.00 | 01/01/19 | 12/31/19 | \$ 5,500.00 | 5,500.00 | 5,500.00 | |
| | | 2020 Distracted Driver | 165-030350 | 5,500.00 | 01/01/20 | 12/31/20 | 5,500.00 | | | |
| | | | | 11,000.00 | | | 11,000.00 | 5,500.00 | 5,500.00 | |
| (Passed thru N.J. Department of Transportation) | 20.205 | Transportation Trust Fund Authority Act: | 480-078-6320- | | | | | | | |
| | | 2018 Municipal Aid - Waywayanda Road | AM2-605178 | 235,000.00 | 01/01/18 | 12/31/19 | 58,750.00 | 235,000.00 | 235,000.00 | |
| | | 2019 Municipal Aid - Lake Pochung Road | | 223,000.00 | 01/01/19 | 12/31/20 | 167,250.00 | | | |
| | | | | 458,000.00 | | | 226,000.00 | 235,000.00 | 235,000.00 | |
| Total U.S. Department of Transportation | | | | 469,000.00 | | | 237,000.00 | 240,500.00 | 240,500.00 | |
| Total Federal Awards | | | | \$ 477,300.01 | | | \$ 237,000.00 | \$ 244,173.48 | \$ 247,565.51 | \$ -0- |

N/A - Not Applicable

TOWNSHIP OF VERNON
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2019

| Name of State Agency or Department | Name of Program | Grant I.D. No. | Grant Award Amount | Grant Period | | Current Year Receipts | Current Year Expenditures | Cumulative Expenditures | |
|---|---|-----------------------------|-----------------------------|--------------|----------|--------------------------|------------------------------|----------------------------|-----------|
| | | | | From | To | | | | |
| <u>Department of Law and Public Safety</u> | Safe and Secure Communities | 100-066-1020- 232-090940 | \$ 60,000.00 | 01/01/18 | 12/31/18 | \$ 20,000.00 | | \$ 60,000.00 | |
| | | | 60,000.00 | 01/01/19 | 12/31/20 | 40,000.00 | | | |
| | | | 120,000.00 | | | 60,000.00 | | 60,000.00 | |
| | Body Armor Replacement Grant | 718-066-1020- 001-090160 | 2,905.96 | 01/01/16 | 12/31/19 | | \$ 1,023.74 | 2,905.96 | |
| | | | 2,990.70 | 01/01/17 | 12/31/20 | | 2,830.11 | 2,830.11 | |
| | | | 3,412.00 | 01/01/19 | 12/31/20 | 3,411.96 | | | |
| | | | 9,308.66 | | | 3,411.96 | 3,853.85 | 5,736.07 | |
| | Drunk Driving Enforcement Fund | 100-078-6400-YYYY | 11,433.01 | 01/01/16 | 12/31/20 | | 1,705.69 | 9,764.51 | |
| | | | | | | | | | |
| | Total Department of Law and Public Safety | | | 140,741.67 | | | 63,411.96 | 5,559.54 | 75,500.58 |
| | <u>Department of Environmental Protection</u> | Clean Communities Grant | 765-042-4900- 004-178910 | 64,161.83 | 01/01/16 | 12/31/19 | | 500.00 | 64,161.83 |
| | | | | 54,509.50 | 01/01/17 | 12/31/20 | | 3,854.53 | 54,391.76 |
| 52,125.99 | | | | 01/01/18 | 12/31/20 | | 43,527.95 | 49,138.40 | |
| 58,176.17 | | | | 01/01/19 | 12/31/20 | 58,176.17 | 10,951.21 | 10,951.21 | |
| Total Department of Environmental Protection | | | 228,973.49 | | | 58,176.17 | 58,833.69 | 178,643.20 | |
| <u>Department of Treasury</u> (Passed through the County of Sussex) | Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance | 205-3063-402-0435 | 20,467.00 | 07/01/18 | 06/30/19 | 20,466.03 | 7,050.08 | 20,466.03 | |
| | | | 20,467.00 | 07/01/19 | 06/30/20 | 8,717.00 | 15,272.62 | 15,272.62 | |
| | Total Department of Treasury | | | 40,934.00 | | | 29,183.03 | 22,322.70 | 35,738.65 |
| <u>NJ Highlands Council</u> | Highlands Plan Conformance Grant | N/A | 255,247.15 | 01/01/12 | 12/31/20 | | 16,327.30 | 125,838.25 | |
| Total NJ Highlands Council | | | 255,247.15 | | | | 16,327.30 | 125,838.25 | |
| <u>Department of Health and Senior Services</u> | Alcohol Education and Rehabilitation Program | 098-9735-760- 001-060000 | 4,503.79 | 01/01/17 | 12/31/20 | | 165.27 | 4,503.79 | |
| | | | 4,503.79 | | | | 165.27 | 4,503.79 | |
| Total State Awards | | | \$ 670,400.10 | | | \$ 150,771.16 | \$ 103,208.50 | \$ 420,224.47 | |

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF VERNON
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2019

A. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Township under programs of the federal and state governments for the year ended December 31, 2019. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable Mayor and Members
of the Township Council
Township of Vernon
Vernon, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Township of Vernon, in the County of Sussex (the "Township") as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 2, 2020. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2019-001, that we consider to be a significant deficiency.

The Honorable Mayor and Members
of the Township Council
Township of Vernon
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Township's Response to the Finding

The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
July 2, 2020

NISIVOCCIA LLP

Francis Jones
Registered Municipal Accountant No. 442
Certified Public Accountant

TOWNSHIP OF VERNON
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Township prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- A significant deficiency was disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2019 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2019-001 (Repeat Finding 2018-001): Segregation of Duties

Criteria:

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition:

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permit and license fees; and recording of collections.

Cause:

This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures.

Effect or Potential Effect:

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

TOWNSHIP OF VERNON
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2019-001 (Repeat Finding 2018-001): Segregation of Duties (Cont'd)

Recommendation:

It is recommended that adequate segregation of duties be maintained with respect to the recording and treasury functions.

Management's Response:

The finding was evaluated and the Township is currently investigating the cost/benefit relationship of various alternatives to resolve this finding.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the Single Audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the Single Audit threshold.

TOWNSHIP OF VERNON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

The prior year finding 2018-001 regarding the segregation of duties has not been resolved due to the Township currently investigating the cost/benefit relationship of various alternatives to resolve this finding and is included in the current year audit report as finding 2019-001.

TOWNSHIP OF VERNON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

TOWNSHIP OF VERNON
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) are \$17,500 for a contracting unit without a qualified purchasing agent and \$40,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Township of Vernon has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services".

TOWNSHIP OF VERNON
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

On January 2, 2019, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

“WHEREAS, the Township of Vernon wishes to set forth procedures for the collection of taxes;

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Vernon that the procedures are set forth as follows:

DELINQUENT TAX PAYMENTS

The below-stated charges shall be assessed against delinquent accounts:

Interest – 8% per annum on first \$1,500. 18% per annum on amounts in excess of \$1,500.

Penalties – Additional 6% on amounts in excess of \$10,000 as of December 31 current year.

Grace Period – A ten (10) day grace period shall be granted for the payment of current taxes.

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

Tax Title Liens/Assessment Liens

The last tax sale was held on December 4, 2019 and was complete with respect to all items eligible for sale.

The following comparison is made of the number of tax title liens and assessment liens receivable on December 31, of the last three years.

| <u>Year</u> | <u>Number of Liens</u> |
|-------------|------------------------|
| 2019 | 516 |
| 2018 | 510 |
| 2017 | 625 |

The Township has numerous tax title liens and assessment liens outstanding as of December 31, 2019. And approximately 292 of the total 516 tax title liens are properties within two large property owners associations. These properties, generally, do not contribute revenue to the operations of the Township and instead act as a drain on Township resources. Since the Township is in the process of initiating additional foreclosure proceedings, a formal recommendation is not deemed necessary.

TOWNSHIP OF VERNON
COMMENTS AND RECOMMENDATIONS
(Continued)

Tax Title Liens/Assessment Liens (Cont'd)

However, during our testing, it was noted that the tax title lien receivable ledger did not agree to the Township's general ledger. It is recommended that the tax collector take extra care to ensure that tax title lien receivables are reconciled with the Treasurer's records on a monthly basis.

Management's Response

Extra care will be taken to ensure that tax title lien receivables are reconciled with the Treasurer's records on a monthly basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

| <u>Type</u> | <u>Number Mailed</u> |
|------------------------|----------------------|
| Payments of 2020 Taxes | 20 |
| Payments of 2019 Taxes | 20 |
| Delinquent Taxes | 20 |
| Tax Title Liens | 3 |
| Assessment Liens | 3 |

Municipal Court

A summary of Municipal Court transactions for the year 2019 is as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

| | <u>Balance</u> <u>Dec. 31, 2018</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>Dec. 31, 2019</u> |
|-----------------------|--|----------------------|----------------------|--|
| State of New Jersey | \$ 5,069.66 | \$ 69,957.40 | \$ 69,533.63 | \$ 5,493.43 |
| County | 3,277.69 | 38,557.85 | 39,432.85 | 2,402.69 |
| Municipality | | 117,134.38 | 117,134.38 | |
| Municipality - POAA | | 48.00 | 48.00 | |
| Conditional Dismissal | | 105.67 | 105.67 | |
| Conditional Discharge | | 450.00 | 450.00 | |
| Restitution | | 1,630.00 | 1,580.00 | 50.00 |
| Weights and Measures | | 2,400.00 | 1,900.00 | 500.00 |
| Fish and Game | | 3,703.00 | 3,403.00 | 300.00 |
| Public Defender | | 3,885.00 | 3,885.00 | |
| Forest & Parks | | 425.00 | 425.00 | |
| Miscellaneous | 3.62 | 612.72 | 612.72 | 3.62 |
| | <u>\$ 8,350.97</u> | <u>\$ 238,909.02</u> | <u>\$ 238,510.25</u> | <u>\$ 8,749.74</u> |

TOWNSHIP OF VERNON
COMMENTS AND RECOMMENDATIONS
(Continued)

Financial Records

The Township migrated to a new financial software in May 2019. As a result of the migration, the Township's general ledger did not agree to the subsidiary ledgers for several different balance sheet items. Adjusting journal entries were made at year end in order to bring the general ledger and subsidiary ledgers into agreement. As the Township has implemented subsequent procedures to reconcile the general ledger and subsidiary ledgers on a monthly basis, a formal recommendation is not deemed warranted.

Status of Prior Year Recommendations

The prior year recommendation regarding segregation of duties has not been resolved and is included as recommendation in the 2019 audit report.

TOWNSHIP OF VERNON
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. The tax collector take extra care to ensure that tax title lien receivables are reconciled with the Treasurer's records on a monthly basis.

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